INFLUENCE OF SELECTED STRATEGY CHOICES ON FIRM PERFORMANCE IN THE SHIPPING INDUSTRY IN KENYA

LUCY KARIMI NJAGI

DOCTOR OF PHILOSOPHY

(Business Administration)

JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY.

2018

Influence of Selected Strategy Choices on Firm Performance in the Shipping Industry in Kenya

Lucy Karimi Njagi

A Thesis Submitted in Partial Fulfillment for the Degree of Doctor of Philosophy in Business Administration, (Strategic Management) in the Jomo Kenyatta University of Agriculture and Technology.

2018

DECLARATION

This thesis is my original work and has not been presented for a degree in any other University

Signature …………………………………….. Date ………………………………

Lucy Karimi Njagi

This thesis has been submitted for examination with our approval as University Supervisors

Signature …………………………………….. Date ………………………………

Prof G.S.Namusonge, PhD

JKUAT, Kenya

Signature …………………………………….. Date ………………………………

Dr Fred M. Mwirigi, PhD

KRA – KESRA, Kenya

ACKNOWLEDGEMENT

I would like to thank the almighty God for giving me divine favor; protection and provision that has enabled me this far as I work on my thesis. I wish to acknowledge the invaluable contribution from my supervisors, Prof G. S. Namusonge, PhD and Dr Fred Mugambi Mwirigi, PhD without whom this project would not have become a reality. You have spent a lot of your time guiding me so thoroughly that I have made it this far. To my other lecturers who built the foundation upon which this project rests. To my fellow students especially Peter Sasaka and Henry Muchiri whose criticism provided valuable insights into the areas that required improvements. You inspired me and provided encouragement in various forms. I am greatly indebted to my loving husband Anderson Murithi for his kindness, love and support and for spending his time with me while studying and many times offering to proof read my work. To my Sons Alvin, Eliezar and Ephraim for their understanding while their mother was away many times especially on weekends attending classes when I should actually have spent my time with the little ones. I also acknowledge the prayers and contribution of my Pastor Prophetess Jane Kiratu. You encouraged me and continuously prayed for me to complete this work. God bless you all.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF APPENDICES

ABBREVIATIONS / ACRONYMS

7S	- Strategy, Structure, systems, staff, skills, style, shared values
ADKAR	- Awareness, Desire, Knowledge, ability, Reinforcement
CEO	- Chief executive officer
IGCOS	- Inter-Governmental committee on Shipping
ILO	- International Labour Organization
IMO	- international maritime organization
KMA	- Kenya Maritime authority
KPA	- Kenya ports authority
OT	- Organizational transformation
WMU	- World Maritime University
WTO	- World Trade Organization
RBV	- Resource Based View
VRIO	- Valuable, rare, costly to initiate and organized to capture value chain.
VRIN	- Valuable, rare, costly to initiate and non sustainable
ANOVA	- Analysis of Variance

DEFINITION OF TERMS

Cargo consolidators: A firm which groups together orders from different companies into one shipment. A firm which groups together bookings made by various travel agents so as to get cheaper group fares on normal scheduled flights (Karamperidis *et al.*, 2013).

Competitive strategies: Competitive strategies are the method by which you achieve a competitive advantage in the market. There are typically three types of competitive strategies that can be implemented. They are cost leadership, differentiation and a focus strategy. A mixture of two or more of these strategies is also possible depending on your business' objectives and current market position (Porter, 2008).

Corporate governance: The system of rules, practices and processes by which a company is directed and controlled. Corporate governance essentially involves balancing the interests of the many stakeholders in a company - these include its shareholders, management, customers, suppliers, financiers, government and the community. Since corporate governance also provides the framework for attaining a company's objectives, it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure (Pearce, 2008).

Differentiation strategy: Approach under which a firm aims to develop and market unique products for different customer segments. Usually employed where a firm has clear competitive advantages, and can sustain an expensive advertising campaign. It is one of three generic marketing strategies (Porter, 2008).

Flag states: The countries in which merchant ships are registered - which may be different to the country in which they are owned (Slack & Comtois, 2013)

Global business strategy: Global Business Strategy can be defined as the business strategies engaged by the businesses, companies or firms operating in a global business environment and serving consumers throughout the world (Mulcaster, 2009)

Global industry: A global industry can be defined as an industry in which firms must compete in all world markets of that product in order to survive. It is an industry in which a firm's competitive advantage depends on economies of scale and economies of scope gained across markets (Douglas *et al.*, 2000).

Global markets: Global markets are international markets where products are largely standardized. Porter argued that industries are either multi-domestic or global. Global industries: competition is global. The same firms compete with each other everywhere while multi-domestic industries (Babu, 2012).

Maritime industry: In broadest terms, it includes all enterprises engaged in the business of designing, constructing, manufacturing, acquiring, operating, supplying, repairing and/or maintaining vessels, or component parts thereof: of managing and/or operating shipping lines, customs brokerage services, shipyards, dry docks, marine railways, marine repair shops, shipping and freight forwarding services and similar enterprises (Mwega & Ndungu, 2002).

Strategy: Strategy is the direction and scope of an organization over the long-term: which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations (Porter, 2008).

Strategic leadership: Strategic leadership refers to a manger's potential to express a strategic vision for the organization, or a part of the organization, and to motivate and persuade others to acquire that vision. Strategic leadership can also be defined as utilizing strategy in the management of employees. It is the potential to influence organizational members and to execute organizational change. Strategic leaders create organizational structure, allocate resources and express strategic vision (Tweed, 2013).

Shipping lines: This refers to ships that run on schedule and have specific destinations and anchors on specific ports (Rullogh & Synder, 2013). They are those shipping companies that run on deep seas and usually sail over long distances (WMU, 2011).

Shipping tramps: These are the ships that operate on short distances and sail on demand. They do not follow any specific sea route and do not necessarily land on any port as long as the operating company allows (Rullogh & Synder, 2013).

Strategic resources: These are resources that must be made available for an organization to achieve its core business objectives, (Barney, 2001).

ABSTRACT

The purpose of this study is to examine the perceived influence of selected strategy choices on performance of shipping companies in Kenya. The study is based on the literature provided by scholars who argued that the global orientation and increased performance-based competition, combined with rapidly changing technology and economic conditions have enhanced competitive advantage of the business and improve corporate performance. Empirical studies of Alpha manufacturing companies in Mauritius found a high positive association between better corporate leadership and operating performance. The key strategy choices that the researcher explored are; differentiation strategy, global business strategy and strategic alliances. The general objective is to establish the perceived strategies that of strategic management that can influence performance of firms in the shipping industry in Kenya. The study aimed at assessing how differentiation strategies, global business strategy and global strategic alliances influence firm performance in the shipping industry in Kenya. The researcher used mixed research design including qualitative research design and quantitative research. The total population of this study involves 76 shipping lines, shipping agencies and cargo consolidators. The target respondents under this study are the firms that have been operational for more than five years in the industry from the date of incorporation including shipping lines, shipping agencies, cargo consolidators and top management of Kenya Maritime Authority. A sample of 223 was obtained. Primary data was collected using questionnaires while company websites and publications were used to obtain secondary data. The main method of data analysis is multiple linear regression models based on the fact that the study has several strategy choices and regression models are best placed to do the analysis. SPSS version 20.0 was used to do the analysis. Data presentation was done using tables, bar graphs, pie charts and in some instances descriptive analysis especially where interviews were done. Research findings indicate a positive relationship between differentiation strategies, global business strategy and strategic alliances on firm performance of firms in shipping industry in Kenya. The researcher recommends further research into other variables identified and not studies and other issues raised like piracy and changing global shape of ships being used in the industry.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Strategic management analyzes the major initiatives taken by a company's top management on behalf of owners, involving resources and performance in external environments. It entails specifying the organization's mission, vision and objectives, developing policies and plans, often in terms of projects and programs, which are designed to achieve these objectives, and then allocating resources to implement the policies and plans, projects and programs, (Johnson & Scholes, 2010). A balanced scorecard is often used to evaluate the overall performance of the business and its progress towards objectives (Kaplan & Norton, 2008).

Kumar (2009) argued that the main shipping routes and ports are well described. The structure and evolution of the global maritime network itself has not been fully documented. Guimera *et al.* (2005) observed that Despite the local dereliction of port-city linkages in recent decades, maritime transport remains absolutely necessary for globalization. Its crucial weight in world trade volumes (90%) makes it a useful looking glass for analyzing the global economy and its geographic architecture (Fremont, 2007). The shipping cost for consumer goods represents a very small fraction of the final price of the product. Mwega and Ndungu (2009) indicated that the shipping industry as a whole is very closely dependant on the trade movements that if there are any variations in the volumes, its direct impact can be seen on the bottom line of many shipping companies.

Yip (2013) said that Merchant shipping is one of the most heavily regulated industries and was amongst the first to adopt widely implemented international safety standards. Regulations concerning shipping are developed at the global level. Because shipping is inherently international, it is vital that shipping is subject to uniform regulations on matters such as construction standards, navigational rules and standards of crew competence. The alternative would be a plethora of conflicting national regulations resulting in commercial distortion and administrative confusion which would compromise the efficiency of world trade. The shipping industry is principally regulated by the International Maritime Organization (IMO), which is the London based United Nations agency responsible for the safety of life at sea and the protection of the marine environment. The International Labour Organisation (ILO) is also responsible for the development of labour standards applicable to seafarers worldwide (Rodrigue & Notteboom, 2012).

IMO has adopted a comprehensive framework of detailed technical regulations, in the form of international diplomatic conventions which govern the safety of ships and protection of the marine environment. National governments, which form the membership of IMO, are required to implement and enforce these international rules, and ensure that the ships which are registered under their national flags comply. The level of ratification and enforcement of IMO Conventions is generally very high in comparison with international rules adopted for shore based industries.The principal responsibility for enforcing IMO regulations concerning ship safety and environmental protection rests with the flag states (Slack & Comtois, 2013). Flag states enforce IMO requirements through inspections of ships conducted by a network of international surveyors (Pierre & Wolff, 2013).

The ship is structured specifically to hold huge quantities of cargo compressed in different types and sizes (Deng *et al*., 2013). Container ships are constructed to accommodate immense possible cargo loads. The load holding capacity of container ships is measured in terms of Twenty-foot Equivalent Units or TEUs, with the biggest container ships carrying as much as over 15,000-16,000 TEUs (Jung, 2011). These shipping containers are the structures that store various kinds of products that need to be shipped from one part of the world to another. Barber and Legge (1976) said that the global container shipping market is set to experience favorable growth driven by factors such as increasing sea borne trade, growing containerization, plummeting oil prices and upsurge in disposable income. Further, the scope of growth for this market is broadened by increasing demand for shipping services and accelerating economic growth (Jung, 2011).. The major trends that can be observed in this market include increasing consolidation of key players, advancements in container shipping, increasing fleet management techniques and growing intermodal freight transportation (Jung, 2011). However, the growth of this budding market is constrained by challenges such as product miniaturization, environmental regulations, emergence of 3D printing technology and rising trade protectionism.

The report "Global Container Shipping market: Industry Analysis and Outlook (2017-2021), ILO (2012) analyses the development of this market, with focus on Asia and Europe markets. The four major players: A.P. Moller-Maersk Group, CMA CGM S.A., Hapag-Lloyd Group and COSCO Group are being profiled along with their key financials and strategies for growth (Bottasso *et al.*, 2013; Bottasso *et al.*, 2014; Ferrari *et al.*, 2010), China (Shan *et al.*, 2014) and South Africa (Chang *et al.*, 2014. Shipping has been enduring a serious economic downturn since the 2008 financial crisis. 2016 was another dramatic year, witnessing the collapse of Hanjin, one of the world's major container lines. Following a spate of acquisitions and mergers, there will only be 14 major container lines by 2018 out of the top 20 that existed last year. While, despite some consolidation, there is far less market concentration in dry bulk and tanker segments, fortunes in these trades are also still decidedly mixed. Freight rates still barely cover operating costs, let alone the repayment of loans for the vessels themselves (Bottasso *et al.*, 2014. It is nonetheless important to emphasize that there is no evidence of any decline in the quality and safety of ship operations worldwide, which continue to be impressive. 2017 looks set to be yet another very difficult year for most sectors of the shipping industry (Bartlett, 1932). While global maritime trade is projected to increase, this looks likely to be outstripped by the quantity of new vessels that are scheduled to be delivered from shipyards – many of which enjoy significant government support – with the result that there may still be far too many ships chasing too few cargoes.

In Kenya, Kenya Ports Authority is an investor in Kenya National Shipping Line, a state corporation of Kenya formed in 1989, currently owned by KPA and three non-Kenyan corporate investors (Warui, 2016). In 1989, the government of Kenya brought together the operation and regulation of existing ferry services, including the Likoni Ferry service at Likoni, Mombasa, into one subsidiary of the KPA, *Kenya Ferry Services*. The subsidiary was devolved to the status of an independent Kenya state corporation in 1998, 20 percent owned by KPA and 80 percent owned by other Kenyan Government entities (GOK, 2016). In August 2014, Kenya Ports Authority signed a deal worth US$478 million with China Communications Construction Company (CCCC) for the construction of three Port Lamu berths. The three new berths will form part of the US$24 billion Lamu Port and Lamu-Southern Sudan-Ethiopia Transport Corridor (LAPSSET) and take Port Lamu's berth count to 29 upon completion (Warui, 2016).

1.2 Statement of the Problem

Large companies mainly focus on becoming efficient and flexible in their methods of doing business in order to handle uncertainty in the business environment. Ihiga (2004) said that organizations need different strategies in order to achieve strategic fit. Corporations have increasingly turned to global markets to trade (Hill & Jain, 2010). Empirical research has shown that globalization of supply chains has forced companies to look for better and more inter-linked systems between the corporation’s core competencies, multiple competitor’s strategies and the implementation processes and capabilities to coordinate the flow of materials into and out of the company as opposed to the fragmented systems, which have characterized many organizations (Aosa, 2012). Companies and distribution channels today compete more on the basis of time and quality. Globalization and changing customer needs, changes in technology among other issues on a global scale are realities in business corporations today (Oster, 1994). With such a combination a company creates a competitive edge within the system that cannot be copied by the competitor in the market place.

Yabs (2010) also argued that the global orientation and increased performance-based competition, combined with rapidly changing technology and economic conditions enhance competitive advantage of the business and improve corporate performance. Smith *et al*. (1993) indicated that Strategic management practices aims at achieving an enterprise's mission and objectives by reconciling its resources with opportunities and threats in the business environment.

The shipping industry is a perfect example of how globalization has forced many companies to restructure fundamentally in the recent past, calling for new strategies and business models. Traditionally; a successful shipping business was linked to the amount of tonnage it owned. Ships over time have controlled world business yet little is done regarding the ship operations and major strategies that firm can embrace about the running and management of the shipping firms. Academicians, managers and corporate leaders have done little to explain the key strategies that CEOs can choose to boost the performance of the firms in the shipping industry. The researcher intends to find out perceived strategy choices that influence performance of firms operating in the shipping industry. Therefore, the purpose of this study was to carry out a detailed investigation into the perceived strategy choices that influence the performance of the shipping companies in Kenya.

1.3 Research objectives

1.3.1 General objective

The general objective is to assess how selected strategies influence performance of firms in the shipping industry in Kenya.

1.3.2 Specific objectives

1. To examine how differentiation strategy influences firm performance in the shipping industry in Kenya.
2. To explore how global business strategy influences firm performance in shipping industry in Kenya.
3. To explain how strategic alliances influences firm performance in shipping industry in Kenya.

1.4 Research questions

The researcher Endeavored to answer the following questions

1. How do differentiation strategies influence performance of firm in the shipping industry in Kenya?
2. How does global business strategy influence the performance of firms in the shipping industry in Kenya?
3. How do strategic alliances influence the performance of firms in the shipping industry in Kenya?

1.5 Hypotheses

The hypothesis to be tested in this study included the following:

$H_0$1: Differentiation strategies do not influence firm performance in the shipping industry in Kenya.

$H_0$2: Global business strategies do not influence firm performance in the shipping industry in Kenya.

$H_0$3: strategic alliances do not influence firm performance in the shipping industry in Kenya

1.6 Importance and justification of the study

This section explains why this study is important and the value it will add to the existing body of knowledge.

1.6.1 Justification of the study

Over 90% of world trade is carried by the international shipping industry (Pierre & Wolff, 2013). Without shipping industry, the import and export of goods on the scale necessary for the modern world would not be possible. Seaborne trade continues to expand, bringing benefits for consumers across the world through low and decreasing freight costs. Shipping is considered as the lifeblood of the global economy. More than 80% of the world goods are carried by ship (Mason & Nair, 2013; Sui & Lam, 2011), and the USA, the largest trading nation in the world, use sea cargo to move more than 90% of its export freight (Agarwal & Ergun, 2008). The global economic activities are changing and shipping industry is facing some structural changes. There is a dramatic shift in the world manufacturing and trading. The market and marketplaces are now global and production is located everywhere. China is the world manufacturer; India and other Asian countries are following the same economic model. (Panayides & Wiedmer, 2011). The major shipping lines who were initially concentrated on the East – West routes which linked the main three poles of the global economy (Europe, Asia, USA), are now serving the North – South routes with the maritime liberalization. As they started newest and largest ships on East – West routes, they shifted the oldest resources to the North – South markets. This new design of the world trade makes mandatory the need for a fully connected and highly integrated system (Robinson, 2005**;** Fremont, 2007). Mega carriers with multi-ocean networks are being the pattern (Lorange & Fjeldstad, 2010).

The shipping business environment is getting more instable, competition is increasing (Tongzon *et al.,* 2009), profit margins are decreasing, expected service quality is increasing and demand is becoming more uncertain (Panayides & Wiedmer, 2011; Robinson, 2005). In this context, shipping lines need to formulate and implement winning strategies to secure revenue, margin and growth. And one may consider that strategic management scholars would hold a competitive advantage in order to address some very inspiring research avenues. From our review, there is a scarcity of literature review on strategy formulation and implementation in shipping industry. There is also a scarcity of work from management and strategy field about strategy in shipping industry. The works available are mostly from scholars from fields like Transportation, Marketing, Supply Chain, Economics or History.

Based on these increasing global trends in the maritime industry, it is important that scholars explain the underlying factors that affect the performance of the shipping industry. This study therefore provides the necessary information to all players in the industry that will make them more effective as they compete in the international business arena.

1.6.2 Importance of the study

The thesis has made significant contribution to the theory and practice of firm performance and generally the shipping industry. The research has shaped information on shipping policies because policy makers can get information that is relevant to them especially since the information has come from the stakeholders who directly impact on the economy. The management of maritime institutions has additional material because they can get information regarding strategies that are influencing the performance of their businesses. Since research has provided empirical evidence, and the data was factual and relevant to them. Management of such organizations also benefits immensely on their management

A clear performance framework and the general understanding of the shipping industry has been provided. This is because the study is directly addressing the scholarly needs of the present generation that are operating in a very volatile business environment. Shipping companies differ in sizes but the range is there in terms of policies and regulations. All of them despite the size are governed by the same seaport and globalization is significantly affecting the performance of such firms.

The scholars are the first beneficiaries of this project. Instructors in business management, public relations, strategic management, and corporate strategies will employ knowledge of strategy choices that can influence of firm performance in the learning as well. To the organizations, the study can offer recommendations that may be vital in formulating and implementing organizational policies related to strategic management and corporate performance . This study is significantly promoting ways of ensuring the public are satisfied by the services provided by organizations. The study contains recommendations that are vital in streamlining performance departments in organizations to ensure maximum productivity.

1.7 Scope of the study

The research was biased on the main strategic management factors that affect the performance of the shipping industry. The research was also biased towards shipping companies that are operating within the country. The companies that were studied are those regulated by Kenya maritime authority and IMO. Since shipping is global, both local and multinational firms were also studied. This study did not involve other companies involved in maritime activities like fishing and other sea trade other than shipping. The researcher considered that scholars in the field of strategic management are much more interested in iconic cases from consumer goods or services industries. Companies from shipping industry are some discrete or secrete businesses not really present neither in popular medias nor in everyday life of people. The shipping industry may suffer from an "old-school" and mature image. It is viewed as an industry with high capital intensity, oligopolistic conditions and less degree of innovation, etc. Thus, scholars would find more red oceans than "blue" ones (Kim & Mauborgne, 2004) and less disruptive or idiosyncratic strategies; though those industries are much more conducive to strategic breakthrough, even from insiders (Fuller & Stopford, 1996). Finally, it is probably one of the main arguments; the shipping industry may display high barriers to entry for researchers; or it-it the view from scholars? One the one hand, companies share some cultural codes and assumptions which are so complex to domesticate from outsiders and, on the other hand, only top managers are concerned with "big questions" in very vertical organizations and plan firms' strategic behaviors.

1.8 Limitations

The limitations of the study are those characteristics of design or methodology that impacted or influenced the interpretation of the findings from our research. They are the constraints on generalizability, applications to practice, and/or utility of findings that are the result of the ways in which one initially chose to design the study and/or the method used to establish internal and external validity. Lack of prior local research studies on the topic was a major limitation. Citing local, prior research studies would form the basis of for my literature review and help lay a foundation for understanding the research problem under investigation. This implied that the researcher could only review materials studies using companies from other parts of the world extensively.

Another limitation was on Self-reported data. Whether one is relying on pre-existing data or you are conducting a qualitative research study and gathering the data yourself, self-reported data is limited by the fact that it rarely can be independently verified. Most of the interviews were done by the researcher. That means that separate verifiability of such data is quite difficult. Also, the researcher had to take what people say, whether in interviews, focus groups, or on questionnaires, at face value. However, self-reported data can contain several potential sources of bias that the researcher felt that they should be alert to them and can cause possible bias such as selective memory. Remembering or not remembering experiences or events that occurred at some point in the past can lead to biased reporting. Also, telescoping, or recalling events that occurred at one time as if they occurred at another time possibly affected the results and the researcher had little or no control at all most respondents relied on their memory as they reported. Attribution may also have occurred. That is the act of attributing positive events and outcomes to one's own agency but attributing negative events and outcomes to external forces and, exaggeration the act of representing outcomes or embellishing events as more significant than is actually suggested from other data. All these biases were overcome by collecting data from very many respondents and companies of differing sizes.

There are other limitations of the inability of the researcher to access some organizations. A few of the companies that had been randomly selected to interview the management were not responsive. Important documents were also not accessible in some cases especially where the respondents were middle line managers. Longitudinal effects on the part of the researcher unlike our professors, who can literally devote years to studying a single topic, the time available to investigate a research problem and to measure change or stability over time is pretty much constrained by the university programs. The researcher noted that the amount of time available for research and the requirement of filling progress reports every semester were a major limitation. The researcher overcome this limitation by getting frequent time off from work to study, collect data and synthesize information.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter focused on the empirical and theoretical literature relevant to the problem being investigated. The chapter indicates what has been done by other researchers including the methodologies used and this enables the researcher to identify gaps clearly.

2.2 Theoretical framework

This section focused on the work of other scholars and specifically theoretical and empirical literature. The main theories are strategic configuration theory, contingency theory, balanced scorecard model, resource based view of firm, and strategic consistency theory. Empirical literature is based on the study of 100 firms done in the US comparing corporate governance and firm performance.

2.2.1 Strategic Configuration Theory

In his article, Mintzberg (1994), proposed a five configurations approach to strategic management wherein any organization can be broken down into five core elements or parts. The interactions between these parts determine the strategy of the organization. The Operating Core which consists of those doing the basic work and whose output can be directly linked to the goods and services that the organization makes and sells (Mintzberg, 1993). This part is common to all organizations since the core work must be done and hence, the operating element has to be put in place (Hamel & Prahalad, 1994). The Strategic Apex, which is composed of senior management and the senior leadership, which provides the vision, mission, and sense of purpose to the organization. Indeed, it can be said that this part consists of those men and women who shape and control the destinies of the organization (Hamel, & Prahalad, 1994. The Middle Level Managers who are the “sandwich” layer between the apex and the operating core. This element is peopled by those who take orders from above and pass them as work to the operating core and supervise them. In other words, they perform the essential function of acting as a buffer between the senior management and the rank and file employees (Warren, 2002).

The fourth element is the Techno structure that is composed of planners, analysts, and trainers who perform the intellectual work. This element provides the advice for the other parts and it is to be noted that they do not do any work but function in an advisory capacity. The final element is the Support Staff who perform supporting roles for the other units and exist as specialized functions that are responsible for the peripheral services in the organization. The key aspect about these configurations is that it can be used to predict the organizational structure of any organization and used to model the strategy that the organization follows as a result of the interaction between these parts (Warren, 2002). For instance, in many service sector companies, the organization structure is very fluid and interchangeable with the result that the middle managers perform crucial tasks and the apex gets directly involved in running the organization.

On the other hand, in many manufacturing companies, it is common to find the Techno structure prevailing as the organizational processes are bureaucratic and have mechanistic characteristics which makes the organization function like a machine. This is the configuration in many public sector and governmental organizations as well. Finally, the startups have a structure that is composed of the strategic apex and the supporting staff in their initial years of operation as the organization structure is yet to be formalized. The key implications of Mintzberg’s configurations are that it gives us a useful model to describe how the organizational structure affects strategy. As many theoretical models depend on external strategy alone, this model is preferred by those who want to understand how internal dynamics produce strategy.

Stalk *et al.* (2001) argued that planning is an important element of strategy whenever there is excessive standardization and where the organizational structure is mechanistic and where the technocrats are in positions of importance. For instance, the Department of Defense or the Pentagon in the United States relies extensively on standardized work processes and planning to carry out its activities (Prahaland, 1993). This is the case with large organizations like GM (General Motors) as well. These organizations rely on "experts" and "planners" who form an "army of techno structural bureaucrats" who plan and who assist the organization in carrying out its activities by formalizing plans for the future. On the other hand, startups in the software industry hardly plan for the longer term when their focus is on the next year's results. However, the role of plans in strategy cannot be underestimated because all organizations need longer-term plans for their survival. Indeed, as the example of the planning commission in developing countries like India illustrates, longer-term plans are crucial to ensure that countries and organizations do not lose track of their sense of purpose and mission. The role of planning is crucial in the machine bureaucracies and the professional organizations that need a vision and mission to take them forward. As we have discussed, plans, planning, and planners all contribute to the development of strategy (Mintzberg,1999).

Talking about strategy, there is a crucial difference in the terms strategy formulation and strategy implementation. Mintzberg and his associates researched extensively and found that in most cases, strategy formulation and strategy implementation are entirely different aspects. The difference is that whereas planners plan strategy and formulate it, managers execute strategy and implement it. Hence, there is the aspect of two different elements of the organizational structure that is involved in planning and execution of strategy. Indeed, in many organizations, there exists a creative tension between the planners and the implementers and the way in which the organizations resolve this aspect makes the difference between organizational transformation and organizational failure that is at the heart of Mintzberg's configuration model of strategy (Johnson & Scholes, 2010). Since the contemporary business environment is characterized by rapid pace of change and unpredictable trends that take everyone by surprise, planners and managers have to ensure that their strategies take into account these aspects. For instance, an Army commander follows the strategy to tackle an enemy unit but also must make changes on the fly to ensure that the situation on the field is amenable to their strategy. Different organizations strategize differently and it is the nature of longer term planning combined with the adaptation to shorter-term needs that determines how well an organization performs in the real world (Johnson & Scholes, 2010).

2.2.2 Balanced Scorecard Model

Management accounting evolved significantly during the nineties (Bromwich, 1990). Key developments centered fundamentally on changing from an approach based on planning and control processes and further cost reductions to a stronger strategic emphasis on value creation within organizations (Kaplan & Norton, 2003). This was achieved by identifying, measuring and managing the principal financial and non-financial drivers of strategic success and shareholder value (Ittner & Larcker, 2001). Long-term survival within this context required organizations not only to consider the technical aspects of the design of management systems but also the organizational environment in which they develop and interact (Baines & Smith, 2003; Maiga & Jacobs, 2003). This implied adapting the design and utilization of such systems to their environment, business strategies and organizational structures. The process exerts an influence on the companies' organizational culture and interrelation with human resources.

In his book, Kaplan and Norton (2001) introduced the balanced scorecard model as a more realistic performance management tool. The balanced scorecard defines strategy's cause and effect relationships and provides a framework to organizing strategic objectives into the financial perspective in line with the vision and mission. Internal business processes are the path to achieving strong business growth. Miles and snow (1978) link success in performance of organization to types of adaptive strategies that management chooses to engage in each of these types; analyzers, defenders, prospectors and reactors have its own competitive strategy for responding to the environment and each has a particular configuration of technology, structure and processes that is consistent with its strategy.

Also, Pearce and Robinson (2007) highlight three economic goals which define a company's performance guided by strategic direction. These goals are survival in the market, growth and profitability. A firm's growth is tied in explicitly survival growth and its profitability. Survival means a long term strategy to remain in business and inability to do mean the company is not capable of satisfying stakeholder claims. Growth can be explained different ways like in the number of markets served in the variety of products offered, in the technologies that are used to provide goods or services frequently leads to improvements in a firm's competitive ability.

In this respect it is worth pointing out that the BSC model has aroused the greatest interest among academics and professionals working in business management (Norton & Kaplan, 2000). It was seen as the most fitting tool to integrate financial and non-financial performance measures in an integral management control system (Bisbe & Otley, 2004). As Kaplan and Norton (1996) claim, BSC resolves a deficiency in traditional management systems: their inability of linking a company's long-term strategy with its short-term actions. Indeed, this tool provides a structured methodology to select multiple performance measures focused on critical business aspects. It also provides a link between performance measures and business strategies (Banker *et al.*, 2004). This is why it is fundamental for managers to analyze their markets and strategies to obtain and/or develop their own business model reflecting truly the interrelations (cause-effect relations) between the different business components (strategic objectives). Such efforts will result in the selection of the model (strategic map) that will prove more successful with respect to its implementation while permitting the selection of the corresponding BSC performance measures.

In addition, Kaplan and Norton (1996d & 2001c), the BSC concept should evolve from a strategic measuring system towards a strategic management system. To this effect, a fully developed BSC should not only describe the strategy of organizations (through cause-effect relations) but should be used rather to implement organizational strategies (Kaplan & Norton, 1996d). It is worth highlighting therefore that they main advantages of the BSC methodology as a tool to implement strategies are several. In first instance, it provides an integral vision of organizations from different perspectives. It also allows companies to know their current situation by measuring the elements considered vital to fulfilling their visions. It enables organizations to look forward proactively by focusing on the internal aspects that are essential to creating value for clients and shareholders in the future in a sustainable manner. It facilitates organizational alignment and strategic prioritization by setting the entire organization to meet objectives, linking the relations between the efforts and/or actions being made and the results being obtained. Finally, it influences the behavior of key staff, aligning their actions to fulfilling objectives resulting from a collective process in which they have participated and are involved in assuming responsibilities to obtain specific goals.

The BSC as a strategic management system can therefore be defined as a strategic performance measurement system that describes strategies by means of cause-effect relations and implements business strategies by defining objectives, action plans and results as well as linking incentives to BSC measures (Kaplan & Norton, 2004). Strategic management control systems have specifically benefited from the implementation of strategies focused on creating business value, thereby enabling strategies to be linked to organizational performance and providing rational support to business decision making. Such integral strategic management is based on a model that combines and integrates strategy planning, implementation, follow-up, learning and feedback (Shank & Govindarajan, 1993) with the purpose of improving organizational.

Shipping being characterized as a highly competitive industry makes the use of performance indicators extremely important. According to Panayides (2012) the reasons for the increased emphasis on the strategy-performance relationship in shipping includes intense competition, the need to attain competitiveness, maximize shareholder wealth, and the requirement to address stakeholder. Consequently it is very important to closely monitor of the performance implications of the adopted competitive strategies (Panayides, 2012). The boards of directors will make the decision and the senior managers will determine the performance management and information systems (Burgelman, 2008). Thus they must initiate the need and development of performance indicators in order to evaluate and get feedback of their performance, compare it against goals, and benchmark it against competitors.

2.2.3 Strategic Consistency Theory

Individual competitive actions do not enhance a firm's survival probabilities without being consistent both with the firm's own history and with the rate and the nature of change in the environment (Barnett & Burgelman, 1996; Zajac *et al.,* 2000). Galbraith and Schendel (1983) found that firms in the consumer goods industry followed a 'continuity' strategy which was manifested in an incremental change policy and a low-risk attitude toward investments. For others (e.g. Harrison *et al.,* 1993), consistency has meant a balance in resource allocation in diversified firms. Consistency has also been referred to as a balance between strategic choices across business and functional levels of strategy (Nath & Sudharstnan, 1994). On the other hand, researchers studying dynamic fit (Siggelkow, 2001; Zajac *et.al.,* 2000) and the evolution of industrial populations (Lewin & Volberda, 1999; Raff, 2000) have noted that firm-level changes must concur with the rate of change in the business context (e.g. changes in markets, regulation, macro-culture, and technology) to be able to survive (Cattani, 2006; Rosenbloom, 2000). Considering a firm operating in a relatively stable ('no-change') environment, strategic consistency can be defined as the tendency of an organization to preserve its state of rest or uniform action. From this perspective, strategic consistency refers to comparability in the repertoire and amount of competitive actions that an organization undertakes when conducting its competitive stance. Thus, a high level of strategic consistency can signal the existence of a strong explicit or implicit competitive strategy, or simply sunk costs in terms of 'stacked' structural properties. In a stable setting, this conceptualization of consistency tangents the theories underlining the effects of inertia (Hannan & Freeman, 1984; Miller & Chen, 1994) and path dependence. Thus, in a business environment that does not change, or changes only very incrementally (e.g. in a regulated market) firms may be successful by being fully consistent; i.e. continuously following a constant trajectory of action.

In a dynamic environment, however, the above approach to consistency is not able to explain competitive success. As evolutionary strategy researchers have proposed, firm-level competitive behavior is relative to the nature and the pace of environmental change (Hannan & Freeman, 1989; Lewin & Volberda, 1999; Sorenson, 2000). In an extreme reading of this, fully adaptive firms should change the direction and speed of their activities to follow very closely what happens in their environment (Brown & Eisenhardt, 1997). However, full adaptation raises problems which may put the existence of the firm at risk. First, frequent changes in competitive behavior may decrease the legitimacy of the firm and lead to unwanted actions by important stakeholders (Meyer & Rowan, 1977; Pfeffer & Salancik, 1978). Second, actions which are not in line with past behavior may lead to an imbalance between organizational capabilities and current competitive actions. This may cause a rapid increase in costs and erosion in the competitive position of the firm (Hambrick & D'Aveni, 1988; Ferrier *et al.,* 1999). Finally, without an extensive repertoire of available actions and capabilities stemming from the historical activities of the firm, firms may have difficulty interpreting the current competitive situation and determining what would be a mindful set of competitive actions (Spender, 1996; Farjoun, 2002; Levinthal & Rerup, 2006). Thus, in a dynamic environment, strategic consistency can be defined as an action pattern that incrementally changes and develops the repertoire of competitive actions and the underpinning capabilities, paving the way for a new strategic direction.

Taking these two perspectives together, despite rapid environmental changes, in order to be successful firms should be able to undertake mindful actions which, in turn, are manifested in an optimal level of strategic consistency. Consequently, the relationship between strategic consistency and performance in a dynamic environment is fundamentally curvilinear: over time, the optimal level of consistency fills somewhere between being fully consistent with the past (no change in direction or position) on the one hand, and being fully adaptive with environmental change (changing everything) on the other (Hambrick & D'Aveni, 1988; Zajac *et al.,* 2000). Indeed, an individual's competitive actions may be visualized as movement in the competitive landscape (Gavetti & Levinthal, 2000). The more mindful the firms are, the better they should be prepared for changes of the landscape. Consequently, the optimal level of strategic consistency in behavior refers to the most efficient movement from one position to the next. For example, if a firm is uncertain how and why the environment is changing, it will either conduct actions which are familiar to it (Tripsas & Gavetti, 2000) or, alternatively, it will increase its search activity by launching a number of competitive actions which may lead it to a new position in the landscape (Barnett *et al.,* 1994; Levinthal & Warglien, 1999). This, however, comes with a higher transformation cost than in the case of strategic consistency, leading to weakened business performance (Hambrick & D'Aveni,1988).

Consequently, the order effect of competitive actions is manifested in the evolution of the repertoire of competitive actions and related capabilities in the firm and in the cognitions which constitute the focus of awareness and motivation of top-management (Chen, 1996). For analytical purposes, we parcel the organizational context to two interrelated elements: structure and strategy, and organizational resources The formal structure and strategy of a firm can be defined as a filter that either signals for changes in the action patterns or acts as a force of inertia in the firm development (Miller & Chen,1994). For example, a firm that has a strong imprint to conduct certain types of activities due to its formal structure and strategic mission may ignore the dynamism in the surrounding environment (Levinthal & March, 1993; Christensen & Bower, 1996; Dowell & Swaminathan, 2006; Siggelkow, 2001).

However, radical change in the marketplace can also favor structural properties and strategies that were earlier suboptimal vis-à-vis competitors (Cattani, 2006; Noda & Bower, 1996). In the literature focusing on organizational inertia, it is recognized that the core elements of an organization are very difficult to change (Hannan & Freeman, 1984; March, 1981). Typically, the imprinting conditions of any organization constrain opportunities for fundamental strategic change (e.g. Tripsas & Gavetti, 2000; Dowell & Swaminathan, 2006). Also, the more complex an organization is, the more probable it is that an impetus for radical change will activate political coalitions that dispute the issue and hinder opportunities to react to market feedback (Cohen *et al.*, 1972; Pettigrew, 1973; Hannan & Freeman, 1984). Alternatively, a firm may choose to create buffers between the firm and its competition by changing its strategy and structure. For example, Barnett *et al*. (1994) showed Alternative ways to conceptualize organizational context would include, e.g., Miller's (1986) theory of configurations or the famous Miles and Snow (1978) typology of strategic postures (defender; prospector; analyzer; reactor). At the same time, however, a multiunit strategy may weaken opportunities for learning and thus mindfulness of search behavior by reducing incentives to 'learn or die', decreasing sensitivity to local business-specific adaptation, and finally, compromising the existence and transferability of capabilities needed in business-specific competition. Thus, a multiunit strategy similarly weakens the signals coming from the marketplace as does a sub-optimal organizational imprint (Sorenson *et al.*, 2006). Without an extensive bundle of capabilities and knowledge of 'how things work', firms are unable to conduct consistent actions (Nelson & Winter, 1982). Accordingly, strategic consistency requires attention (Ocasio, 1997) and other organizational slack resources (Bourgeois, 1981; Hambrick & D'Aveni, 1988) which are not hindered by fragmented, stagnated or diversified organizational strategy and structure (Burgelman, 1994; Miller & Chen, 1994). Research on competitive dynamics has found that organizational slack tends to suppress initiative actions promoting responsive actions (Chen & Hambrick, 1995). Furthermore, organizational slack allows firms to respond in more creative which, in turn, diminishes the tendency to imitate rivals' initiative actions. We treat organizational slack as a necessary (but not sufficient) condition for strategic consistency, as both absorbed and unabsorbed slack are needed in the long-term orchestration of competitive behavior (Bourgeois, 1981).

Also, Fama (1980); Jensen and Meckling (1976) have argued that organizational slack is harmful as it creates inefficiency and suppresses innovativeness. However, in our case the measured competitive actions would simply be impossible without both absorbed and unabsorbed slack resources are fundamentally a result of the firm-marketplace interrelationship. For example, consistent and appropriate actions from the perspective of customers and other stakeholders potentially enhance the firm performance and increase organizational slack resources. On the contrary, inconsistent actions are costly and may decrease the firm's legitimacy among important stakeholders. Over time, this leads to diminishing slack resources, a narrowing repertoire of available actions, and increasing problems in maintaining an optimal level of strategic consistency (Hambrick & D'Aveni, 1988; Tripsas & Gavetti, 2000). Finally, in the management of the fundamental activities in the market process and organizational resource allocation, the role of the administrative body of the organization is crucial, as it makes the key choices influencing firm evolution (Simon, 1947; Bower, 1970; Hambrick & Mason, 1984; Hambrick & D'Aveni, 1992). The administrative body refers mainly to the top management team, but also to administrative resources devoted to environmental scanning, strategic planning and controlling the implementation of strategic decisions (Eisenhardt & Zbaracki, 1992; Burgelman, 1994; Noda & Bower, 1996).

2.2.4 Resource based view model

This is a model that sees resources as key to superior firm performance. RBV is an approach to achieving competitive advantage that emerged in 1980s and 1990s. The supporters of this view argue that organizations should look inside the company to find the sources of competitive advantage instead of looking at competitive environment for it.

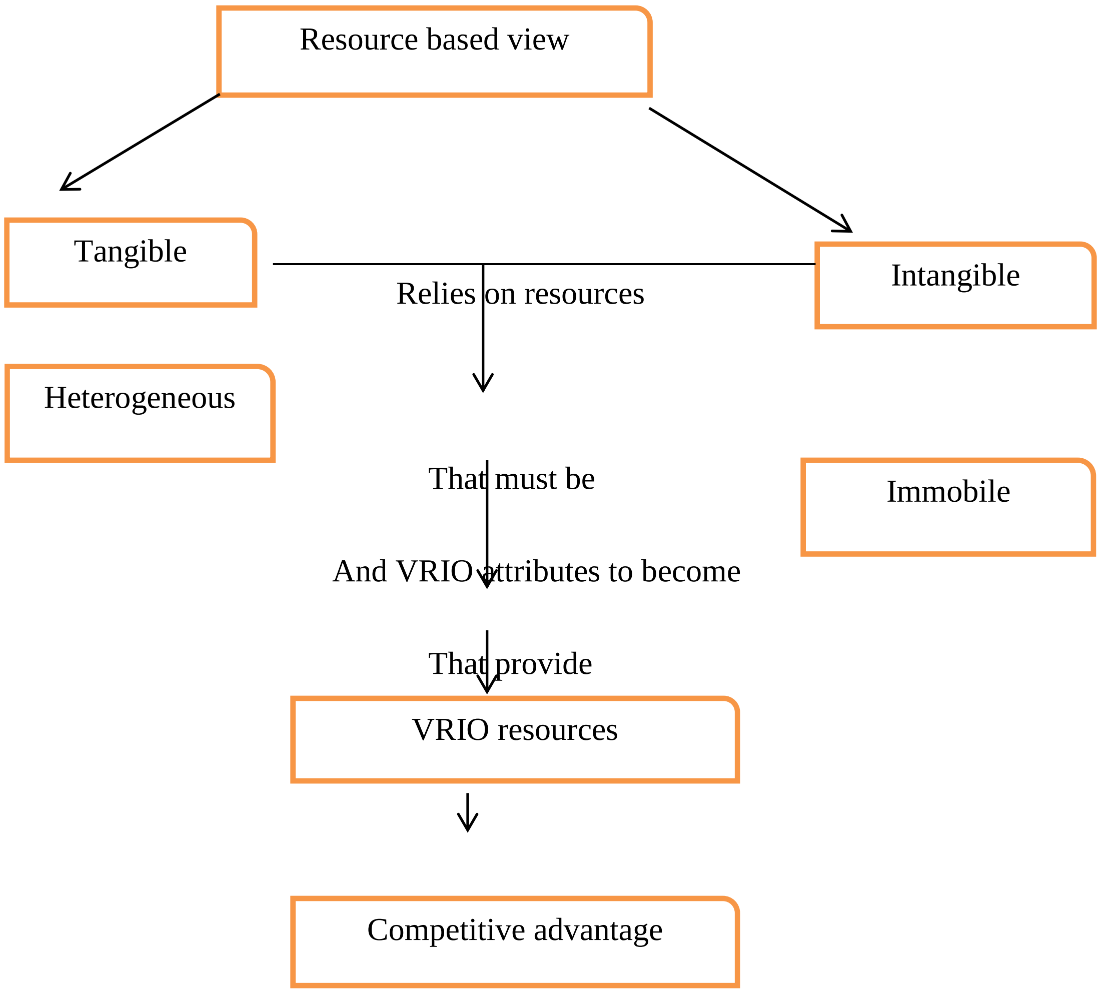

Figure 2.1: Resource Based View theory.

According to Barney (1991), this model is much more feasible to exploit external opportunities using existing resources in a new way rather than trying to acquire new skills for each different opportunity. In RBV model, resources are given the major role in helping companies to achieve higher organizational performance. There are two types of resources: tangible and intangible. Tangible assets are physical things like Land, buildings, machinery, equipment and capital. All these assets are tangible. Physical resources can easily be bought in the market so they confer little advantage to the companies in the long run because rivals can soon acquire the identical assets. Intangible assets are everything else that has no physical presence but can still be owned by the company. Brand reputation, trademarks, intellectual property are all intangible assets. Unlike physical resources, brand reputation is built over a long time and is something that other companies cannot buy from the market. Intangible resources usually stay within a company and are the main source of sustainable competitive advantage (Hamel, & Prahalad, 1994).

The two critical assumptions of RBV are that resources must also be heterogeneous and immobile (Rumelt, 2006). The first assumption is that skills, capabilities and other resources that organizations possess differ from one company to another. If organizations would have the same amount and mix of resources, they could not employ different strategies to outcompete each other (Hamel, & Prahalad, 1994). What one company would do, the other could simply follow and no competitive advantage could be achieved. This is the scenario of perfect competition, yet real world markets are far from perfectly competitive and some companies, which are exposed to the same external and competitive forces (same external conditions), are able to implement different strategies and outperform each other (Rumelt, 2006). Therefore, RBV assumes that companies achieve competitive advantage by using their different bundles of resources (Ittner & Larcker, 2001). The second assumption of RBV is that resources are not mobile and do not move from company to company, at least in short-run. Due to this immobility, companies cannot replicate rivals' resources and implement the same strategies. Intangible resources, such as brand equity, processes, knowledge or intellectual property are usually immobile. Although, having heterogeneous and immobile resources is critical in achieving competitive advantage, it is not enough alone if the firm wants to sustain it. Barney (1991) has identified VRIN framework that examines if resources are valuable, rare, costly to imitate and non-substitutable. The resources and capabilities that answer yes to all the questions are the sustained competitive advantages (Ittner & Larcker, 2001).

Resources are valuable if they help organizations to increase the value offered to the customers (Hamel, & Prahalad, 1994). This is done by increasing differentiation or/and decreasing the costs of the production. The resources that cannot meet this condition, lead to competitive disadvantage. Resources that can only be acquired by one or few companies are considered rare Miller (2003). When more than few companies have the same resource or capability, it results in competitive parity. A company that has valuable and rare resource can achieve at least temporary competitive advantage. However, the resource must also be costly to imitate or to substitute for a rival, if a company wants to achieve sustained competitive advantage. Miller (2003)The resources itself do not confer any advantage for a company if it's not organized to capture the value from them. Only the firm that is capable to exploit the valuable, rare and imitable resources can achieve sustained competitive advantage. Resource Based View (RBV) holds that firms can earn sustainable supra-normal returns if and only if they have superior intangible resources that are protected by some form of isolating mechanism preventing their diffusion throughout industry (Miller, 2003). Rumelt (2006), argued that the fundamental principle of the RBV is that the basis for a competitive advantage of a firm lies primarily in the application of the bundle of valuable resources at the firm's disposal. To transform a short-run competitive advantage into a sustained competitive advantage requires that these resources are heterogeneous in nature and not perfectly mobile (Barney, 2000). Essentially, these valuable resources become a source of sustained competitive advantage when they are neither perfectly imitable nor substitutable without great effort (Hoopes, 2003). In a nutshell therefore, to achieve these sustainable above average returns, the firm's bundle of resources must be valuable, rare, imperfectly imitable and non-substitutable (Barney, 1991).

The resource-based view (RBV) emphasizes the firm's resources as the fundamental determinants of competitive advantage and performance. It adopts two assumptions in analyzing sources of competitive advantage. (Peteraf & Barney, 2003). First, this model assumes that firms within an industry (or within a strategic group) may be heterogeneous with respect to the bundle of resources that they control. Second, it assumes that resource heterogeneity may persist over time because the resources used to implement firms' strategies are not perfectly mobile across firms (i.e., some of the resources cannot be traded in factor markets and are difficult to accumulate and imitate). Resource heterogeneity (or uniqueness) is considered a necessary condition for a resource bundle to contribute to a competitive advantage (Ittner & Larcker, 2001).

2.3 Conceptual framework

This section looks at the strategic management factors that impact on the firm performance. This study states that the firm performance is a function of competitive strategies, global business strategy and corporate governance practices. The researcher established how each of these independent variables affects firm performance. The dependent variable in the study is firm performance.

Independent variables **Dependent variable**

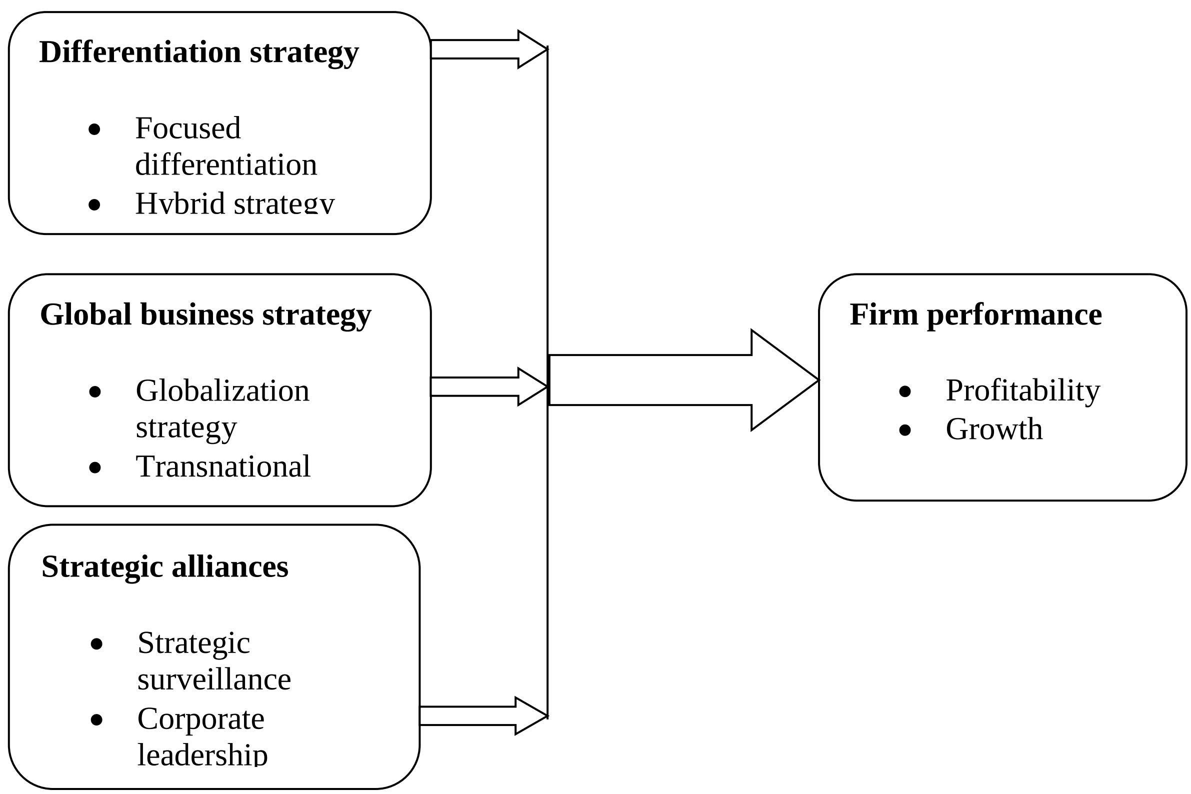

Figure 2.2: conceptual framework

2.4 Review of perceived strategy choices.

The main determinants in this study are differentiation strategies, global business strategy and strategic alliances.

2.4.1 Differentiation Strategy

One scholar, Doh (2011), said that Competitive strategy is a company's unique skills and resources working to implement strategies that competitors cannot implement effectively. Understanding your competitive advantage is critical. It is the reason you are in business. It is what you do best that draws customers to buy your product/service instead of your competitor's. Hamel and Prahalad (1994) said that extremely successful companies deliberately make choices to be unique and different in activities that they are really good at and they focus all of their energy in these areas. It is not enough just to have an advantage over your competitors. For your business to be great, it needs to weather competitive and environmental storms. You have to be able to combat today's fierce market forces and uncertainty. In other words, your competitive advantage needs to be sustainable and able to endure the test of time for your company to be great because most advantages can be duplicated within a period of time (Wit & Meyer, 2008).

Differentiated business strategies are among the two basic types of competitive strategies companies can use to distinguish themselves in the market. The other general category of competitive strategies is the low-cost strategy. In essence, companies can either compete to become the low-cost provider in an industry or take advantage of one of the many possible ways to differentiate themselves from competitors to drive business. In general, much more room exists in most industries for differentiated business strategies than for low-cost strategies Hamel and Prahalad (1994). Ultimately, only one company can survive as the true low-cost provider in an industry. Being the second-lowest or third-lowest provider does not typically work well as a marketing strategy. In some industries, several companies compete as low- cost providers, but most often, one company wins out or limited profits are spread around. Thus, any companies not wanting to engage in a high-risk battle as a low-cost provider must opt for a differentiated approach.

Well-known management expert and author Porter (2002) followed up on his famous five forces of competition model by noting four basic competitive-advantage strategies. They include cost focus and cost leadership, along with differentiation and differentiation focus. Cost focus and cost leadership are both approaches to become the low-cost leader. Differentiation and differentiation focus are two similar but distinct differentiation strategies to establish a strong marketplace position Hamel and Prahalad, (1994). Differentiation essentially means making your business or brand stand out by offering unique features, benefits, services or other elements of your solution (Bowman, 1997).

Differentiation means identifying the most important criteria used by buyers in your market and then designing product, service or other offerings in a way that best meets those criteria. Offering the highest-quality product, the best solution, an exclusive feature or tool or organic materials are examples of ways to differentiate on certain criteria (Bowman, 1997). Differentiation strategies coincide with higher price points than low-cost providers because it costs more money to provide a better overall solution. Emphasizing the value-added elements above the low-cost options is key (Wit & Meyer, 2008). Differentiation focus has basic similarities to differentiation, but the focus is on one or a small number of target market segments. In some industries, very distinct market segments want very different things from a product or service. With a differentiation focus, your business centers on a given segment or two with which your strengths best align. This more-focused approach allows you to maximize efforts in marketing to the selected segments and invest your ad resources to convince the segments of your brand's superior benefits

Porter (2002), states that it is incredibly arrogant for a company to believe that it can deliver the same sort of product/service that its rivals do and actually do better for very long. It is extremely dangerous to bet on the incompetence of your competitors. First, assess what your company does best by looking at what you are good at and what you are not good at. Turn it into a competitive advantage by focusing your energy on these activities. Lastly, make it something that will endure by continually developing and working at it (Wit & Meyer, 2008). A firm's relative position within its industry determines whether a firm's profitability is above or below the industry average. There are two basic types of competitive advantage a firm can possess: low cost or differentiation. The two basic types of competitive advantage combined with the scope of activities for which a firm seeks to achieve them, lead to three generic strategies for achieving above average performance in an industry: cost leadership, differentiation, and focus (Bowman, 1997).

Porter (2008), highlights that in cost leadership, a firm sets out to become the low cost producer in its industry. The sources of cost advantage are varied and depend on the structure of the industry. They may include the pursuit of economies of scale, proprietary technology, preferential access to raw materials and other factors. A low cost producer must find and exploit all sources of cost advantage. If a firm can achieve and sustain overall cost leadership, then it will be an above average performer in its industry, provided it can command prices at or near the industry average. Porter (2008) further explains that in a differentiation strategy a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It selects one or more attributes that many buyers in an industry perceive as important, and uniquely positions itself to meet those needs. It is rewarded for its uniqueness with a premium price. The generic strategy of focus rests on the choice of a narrow competitive scope within an industry. The focuser selects a segment or group of segments in the industry and tailors its strategy to serving them to the exclusion of others. The focus strategy has two variants. In cost focus a firm seeks a cost advantage in its target segment, while in Differentiation focus a firm seeks differentiation in its target segment (Doh, 2011).

Creation of a differentiation competitive advantage, a company must produce unique products which will be rewarded by premium prices or higher market shares or both. There are several ways to differentiate, including quality, design, credibility, efficiency, innovation, customer service and good reputation (Barney, 2000). In order to achieve a differentiation advantage, a company must optimize its: Product features and performance, by improving among others the quality of inputs and design, Complementary services like delivery and repair, Marketing activities, Technology embodied in design and manufacture, Design of processes, Experience and skills of employees and Location.

Firms that are successful in a focus strategy are able to tailor a broad range of product development strengths to a relatively narrow geographic market segment, or to a particular buyer group or segment (Porter, 2002). They also target market segments that are less vulnerable to substitutes or where a competition is weakest in order to earn above-average return on investment Whereas low cost and differentiation strategies are aimed at achieving their objective industry wide, focus is build around serving a particular target or niche extremely well. The strategy is based on the assertion that the firm can serve its narrow strategic target more effectively or efficiently than more broadly based competitors (Bowman, 1997).

The firm may achieve differentiation from better meeting the needs of the particular target or lower costs in serving the target, and may even achieve both (Hofer & Schendel, 1975). Even though the focus strategy does not achieve low cost or differentiation from the perspective of the market as a whole, it does achieve one or both in its narrow market target. Often the focus strategy of filling a limited need or offering a product that only a few will purchase, allows for products to be priced at a premium since the firm is satisfying a small group of consumers. Hofer and Schendel (1975), said that most successful midsize growth companies are leaders in market niches, often in markets they have created through innovation. Such niche strategies are often born of necessity, since these firms lack the resources to fight openly, they succeed by seeking out niches that are too small to be of interest to larger competitors. Alternatively, some firms select niches that can be sustained and protected by serving customers extremely well (Porter, 2002).

In strategic differentiation, positioning of products is important. Bowman's Strategic Clock is a model that explores the options for strategic positioning – that is how a product should be positioned to give it the most competitive position in the market. The purpose of the clock is to illustrate that a business will have a variety of options of how to position a product based on 'two dimensions – price and perceived value (Barney, 2000)**.**

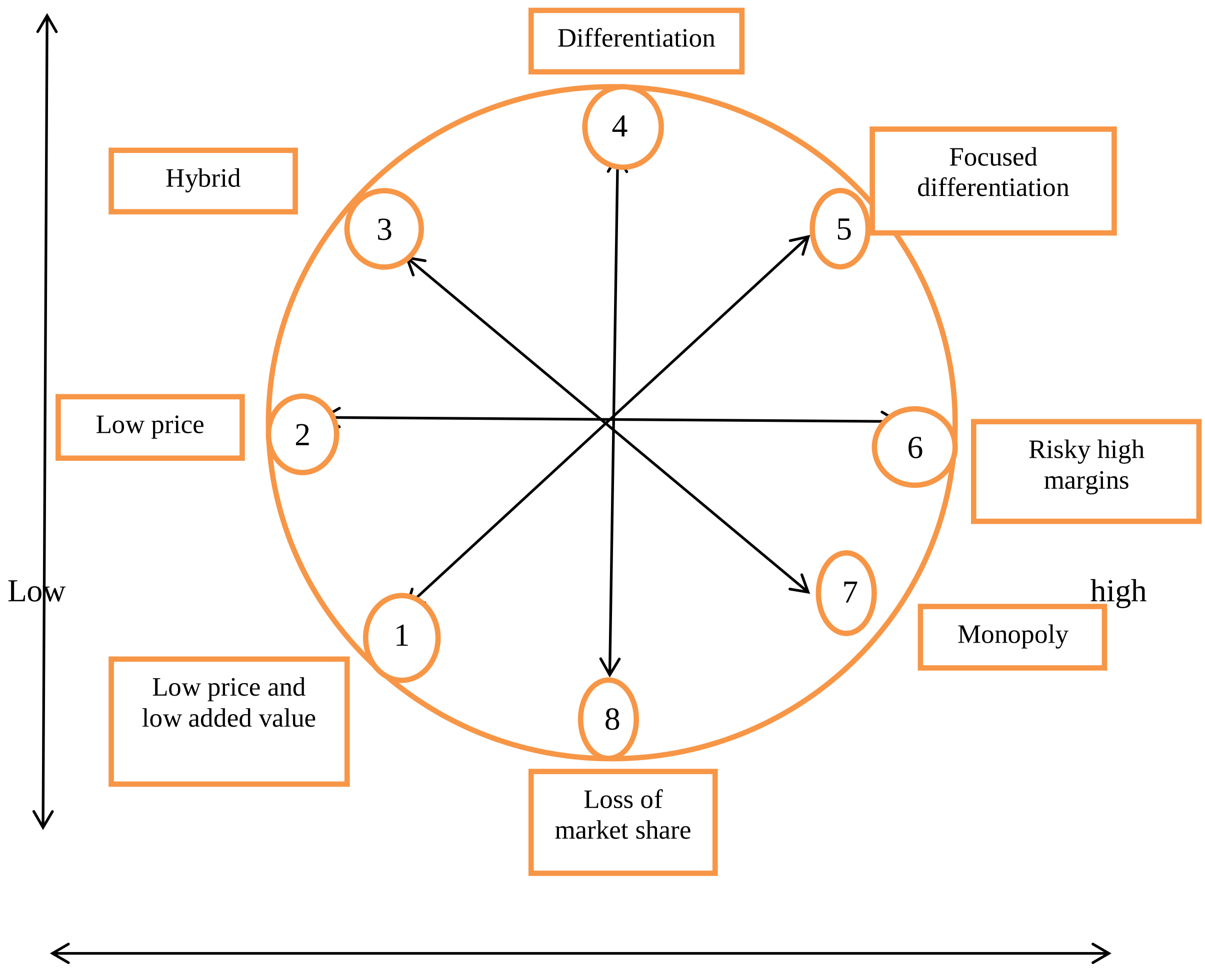

Figure 2.3 Bowman's The Strategic Clock

Low Price and Low Value Added (Position 1) is not a very competitive position for a business. The product is not differentiated and the customer perceives very little value, despite a low price. This is a bargain basement strategy. The only way to remain competitive is to be as "cheap as chips" and hope that no-one else is able to undercut you. Low Price (Position 2) is the case where Businesses position themselves look to be the **low-cost leaders** in a market (Porter, 2002). A strategy of **cost minimization** is required for this to be successful, often associated with economies of scale. Profit margins on each product are low, but the high volume of output can still generate high overall profits. Competition amongst businesses with a low price position is usually intense – often involving price wars.

In Hybrid (Position 3) as the name implies, a hybrid position involves some element of low price (relative to the competition), but also some product differentiation. The aim is to persuade consumers that there is good added value through the combination of a reasonable price and acceptable product differentiation (Buss & Kuyvenhofen, 2011). This can be a very effective positioning strategy, particularly if the added value involved is offered consistently (Bowman & Ambrosini, 1997). Differentiation (Position 4) aim is to offer customers the highest level of perceived added value. Branding plays a key role in this strategy, as does product quality. A high quality product with strong brand awareness and loyalty is perhaps best-placed to achieve the relatively prices and added-value that a differentiation strategy requires (Hofer & Schendel, 1975). Focused Differentiation (Position 5) strategy aims to position a product at the highest price levels, where customers buy the product because of the high perceived value. This the positioning strategy adopted by luxury brands, who aim to achieve premium prices by highly targeted segmentation, promotion and distribution. Done successfully, this strategy can lead to very high profit margins, but only the very best products and brands can sustain the strategy in the long-term (Bowman & Ambrosini, 1997).

Risky High Margins (Position 6) is a high risk positioning strategy that you might argue is doomed to failure – eventually (Bowman & Ambrosini, 1997). With this strategy, the business sets high prices without offering anything extra in terms of perceived value. If customers continue to buy at these high prices, the profits can be high. But, eventually customers will find a better-positioned product that offers more perceived value for the same or lower price. Other than in the short-term, this is an uncompetitive strategy. Being able to sell for a price premium without justification is tough in any normal competitive market. Monopoly Pricing (Position 7) is where there is a monopoly in a market, there is only one business offering the product (Hofer & Schendel, 1975). The monopolist doesn't need to be too concerned about what value the customer perceives in the product – the only choice they have is to buy or not. There are no alternatives. In theory the monopolist can set whatever price they wish. Fortunately, in most countries, monopolies are tightly regulated to prevent them from setting prices as they wish. Loss of Market Share (Position 8) position is a recipe for disaster in any competitive market. Setting a middle-range or standard price for a product with low perceived value is unlikely to win over many consumers who will have much better options (e.g. higher value for the same price from other competitors). Looking at the Strategy Clock in overview, you should be able to see that three of the positions (6, 7 and 8) are uncompetitive. These are the ones where price is greater than perceived value. Provided that the market is operating competitively, there will always be competitors that offer a higher perceived value for the same price, or the same perceived value for a lower price (Bowman & Ambrosini, 1997).

2.4.2 Global business strategy

Marine transport is essentially a global phenomenon, at least in regards to overseas shipping. It has developed in step with the expansion of world trade, providing a critical infrastructure for trade (Bowman & Ambrosini, 1997). And, as an occupation involving the navigation of the seven seas, marine transport has always been a global industry. In overseas container transport as well, the great age of expansion was launched by national shipping industries developed to support their own nation's industrial expansion. For example Japanese shipping companies also got their start as specialists concentrating on Japan related trades alone, but expanded and grew along with the world economy and with the globalization of Japanese manufacturing to develop a wide-ranging network of third-country routes (Buss & Kuyvenhofen, 2011). Japan once accounted for more than 50% of the exports from Asia to the Europe and North America. It now accounts for no more than 10-12%, and in its place export volumes from China and Hong Kong combined have grown to take as much as 60% of the total, bringing a rapid and massive change in the trade structure (Hofer & Schendel, 1975). Globalization of liner transport thus refers to the process of conforming to the development of the world economy and of the trade structure (Doh, 2011). This process can also be considered a response to the globalization of the customer base. Systems and paradigms have changed in response to the globalization specifically. The shipping companies' response on the management strategy side to globalization can be broadly divided into two choices. One is the strategic alliance approach by federations of shipping companies on multi-trade lanes, and the other is the mergers and acquisitions (M&A) by independent shipping companies. The objectives are all the same for both of them; one for cost competitiveness, two for higher service quality to meet the customers' global requirements, thus support the desired growth.

Global business strategies are closely related to the business developing strategies adopted by businesses to meet their short and long term objectives (Doh, 2011). The short term goals of the business would be related to improving the day-to-day operations of the company while the long term objectives are generally targeted towards increment of the profits, sales and earnings of the company in the long run ensuring growth and stability of the business and dominance over the national or regional market (Hill & Jain, 2010). Globalization is not a new concept in the world. It may be farther along and advancing at a faster rate than ever before, but globalization has been around for hundreds and, arguably, thousands of years. The Silk Road spanned one-sixth the diameter of the planet – literally connecting the West and the East – and began during the Han Dynasty (roughly 200 B.C.). Integrating a global economy is nothing new, but the modern implications in global business are bigger and stranger than ever before.

The world is not flat; it's bumpy and you can't see what's ahead. As new markets expand and globalization increases, opportunities are becoming harder to find. Not so long ago, mature-market companies, faced with shrinking prospects at home, looked to rapid-growth economies as their best hope for profitability. For their part, rapid-growth-market companies, buoyed by robust domestic economies, began to expand into neighboring countries and the developed world. Now the economic outlook is blurring in many markets, and a looming squeeze is diminishing business prospects: Slowing growth, Increasing competition, significant operational complexity and Shortages of talent in key markets, (Namusonge *et al.,* 2015).

Half of the senior executives questioned for this report think that the global economy is likely to fall into recession by the end of 2012. Two-thirds consider it likely that there will be a new global financial crisis triggered by Eurozone debt defaults, thanks to globalization. Nearly half of the respondents think that China could suffer a major economic slowdown over the next five years and one-third expects a similar outcome for Brazil and India. Global integration is stronger, as our third annual Globalization Index shows: after a brief pause in 2009, the overall average globalization score for the world's largest economies is estimated to have increased in 2011 and is expected to continue increasing through 2015. Increased integration has amplified some economic conditions. As many of the world's markets cool down, the risk that politicians will resort to trade-distorting measures to curry favor with a local electorate cannot be discounted (Namusonge *et al.,* 2015). The sovereign debt crisis in the Eurozone and the global economic slowdown have also raised the possibility of a new credit crunch as banks scale back lending against a backdrop of declining confidence in interbank markets. This scenario presents many hurdles for global companies and some lack the flexibility, responsiveness or skills needed to scale them. Our research for this report uncovered four fundamental business challenges that companies must navigate in the years ahead. We believe that businesses can tackle them with new responses that rely on flexibility, speed and unconventional thinking:

Scholars Hill and Jain (2010) said that transnational strategy is essentially the point where a global business strategy differs from a national business development strategy as different other factors such as product standardization and adaptation come in. The factors of product differentiation and diversification are relevant in the case of both national and global business strategy in the wake of rising competition in both the national and international market (Barney, 1991). Global business strategies have emerged as a result of globalization and internationalization of established domestic companies which is purported to increase the value of the company in question. Blaxill, *et al.* (2011), Increasing pressure of globalization and the rising global competition have prompted managers and academicians to rethink the formulation of global business strategy. A global business strategy rests on two pillars of standardization and adaptation (Nag *et al.*, 2007).

A number of factors contribute to the "squeeze" on the ability of multinationals to extract value from rapid-growth markets. Multinationals entering China, India or Brazil must compete against other global firms who all see rapid-growth markets as their future. They also face increasingly stiff competition from local companies that are growing. Ten years ago, there were just 21 companies from rapid-growth markets on the Fortune 500. Today, that number has risen to 75 Companies also face the prospect of slowing growth, although the pace remains well above the rates seen in the developed world. Developed-market respondents point to asset price bubbles as the risk that could derail growth in fast-growth markets over the next three years. Companies headquartered in rapid-growth markets worry less about asset prices and more about inflation, which continues to cause problems in some markets despite tightening monetary policy (Namusonge *et al.*, 2015).

There is not one purpose of globalization; there are many, many more than I can list. But from this point forward I want to abandon this general talk of globalization and focus solely on the economy; or, more specifically, globalization and business means cheaper production costs and more consumers to sell to. Globalization has a hand even in the smallest businesses (at least, in first-world countries). In the end, globalization is all about competition. Lower production costs create a competitive advantage. More consumers also create another competitive advantage. Untapped markets, different services, investment opportunities all create competitive advantages (Levitt, 2012). As soon as the first company went global, everyone else had to follow suit to keep up. Globalization is about growth, sure, but it is also about establishing the ultimate competitive position: diverse resources, diverse interests, diverse markets, diverse acquisitions; in a word, a portfolio so diverse it can only be attacked piece-meal, i.e. the proverbial “unsinkable ship.”

Unfortunately, while competition is generally thought to be a good thing, it does not come without a sour side. If I were to say, “Some companies won’t survive because of globalization,” then you might say, “Then they don’t deserve to survive; that’s the beauty of it; the companies worth sticking around usually do.”I won’t deny the truth in that, but what about the borderline monopoly that the largest companies in the world have created for themselves? Apple, Exxon, Google, maersk sea line among others. Whereas they were once innovators, they are now so big that politics and strategy are more important than innovation. The result of this is that smaller companies with innovative ideas have an incredibly difficult competing. And how can they? If they’re lucky, they’ll be bought out and walk away with a pay check; if not, they’ll just be crushed, often purposefully, by a competitor that is literally a billion times bigger than them (Levitt, 2012).

Standardization of production by firms who engage in global business entails producing the same product for the national as well as the international markets with only minor changes in attributes. This is mainly explained by the fact that basic human needs are the same in all countries across the world (Levitt, (2012). The concept of standardization first emerged in the 1960's and then again resurfaced in the 1980's and it has been adopted very effectively by many Japanese and European firms which have experienced higher levels of product and process innovations which in turn have acted as source of comparative advantage for these companies in the international market. The arguments in favor of the global business strategy of standardization are as follows: It benefits in the economies of scale accruing to the company with it being able to produce in large quantities using more or less the same techniques of production. Toyne and Martinez (2004), Also, it preserves the image of the home country which houses the global corporation since it helps in minimizing the costs of alteration, design or modification, handling and stocking the product, speeding up delivery systems. It also helps in saving the managerial time and effort to take decisions regarding the manufacture of different products. It also helps in faster accumulation of the learning experience as fallout of the learning-by-doing approach (Lamb *et al.*, 1984).

Scholes (2008), states that at the opposite end of the spectrum, advocates of the strategy of market orientation using the techniques of adaptation or local adaptation argue that while basic human needs may be similar everywhere, standardization may not be the word as differences in cultural and other environmental factors significantly influence the buying pattern of people in different countries. Boddewyn (2012 argues that Global Business strategies are a field of study effectively addressed by the interdisciplinary issues and concentrates on maximizing the firm performance. It depends on choosing a global strategy that is apt for the set of circumstances facing each business. Choosing an international strategy, be it standardization or adaptation is contingent upon the ability of the firm to suit its marketing strategy and the external environment. Karamperidis *et al.* (2013), argues that conceptual contingency framework is often theorized between the critical variables of the business such as high sales revenue, capacity utilization and specific relationships between these variables and their effective implementation can lead to high levels of performance. One of the key features affecting global business strategies is the effect of the WTO (World Trade Organization) rules on trade in goods and services, Foreign Direct Investment and Intellectual Property Rights. These affect crucial business interests and negotiations and agreements between developed countries have an impact on the current burning issues such as environmental protection and climate change, global security and international migration (Smith & Robert, 2011).

Transnational strategy involves operating in different world markets, designing responsive organizational structures and establishing value-added activities that exploit national similarities and differences. Stonehouse, (2015) defines transnational strategic management as iterations of organizational learning and performance improvements. The foundation of a transnational strategy is a global vision, but with customized implementations for local markets and regions. The country environment is an important aspect of transnational strategy. Vietor, (1999) suggests that countries with a sound fiscal and monetary environment, secure property rights and anti-corruption policies attract transnational companies. A small-business owner should select a country based on its current business environment and a reasonable estimate on what the business and political environment might be in three to five years. Porter (1999) discussed the importance of clusters in country selection. Clusters are geographic concentrations of competing and cooperating suppliers and service providers. Emerging nations should encourage transnational companies to build linkages with the local economy and become consumers of local goods and services. The development of skills training and support infrastructure are also important characteristics of countries that are appealing for transnational companies.

Transnational businesses may use global brands or create specialized local brands. Quelch (2007) cites the cases of American and Japanese automakers to suggest that developing a marketing strategy around one set of brands is more efficient than having several different brands for different regions of the world. Global brands share certain characteristics, such as a focus on a single product category and consistent market positioning. Transnational strategy also includes contingency planning. Natural disasters, such as the March 2011 earthquake in Japan, can cause severe disruptions in the supply chain. In a May 2011 interview with Harvard Business School Working Knowledge writer Fisher (2011) suggests that manufacturers and suppliers often lack contingency plans and find themselves scrambling for alternatives when disaster strikes. Diversification of supply sources and having alternative distributors are some of the contingency planning options. However, management should consider whether customers would be willing to pay for the cost of establishing and maintaining these backup supply and distribution arrangements.

Although people use the terms interchangeably, global, multinational, international and transnational businesses have subtle differences. International is a generic term that applies to all businesses with foreign operations. A multinational business operates in several foreign countries, but it delegates strategic decision-making responsibility to its overseas subsidiaries, which operate as autonomous businesses (Barney, 2000). A global business conducts activities in many countries but with an integrated worldwide strategy.

2.4.3 Strategic Alliances

A strategic alliance is an agreement between two or more parties to pursue a set of agreed upon objectives needed while remaining independent organizations. This form of cooperation lies between mergers and acquisitions and organic growth. Strategic alliances occurs when two or more organizations join together to pursue mutual benefits (Williams, Abigail & Siegel, 2000). Partners may provide the strategic alliance with resources such as products, distribution channels, manufacturing capability, project funding, capital equipment, knowledge, expertise, or intellectual property. The alliance is a cooperation or collaboration which aims for a synergy where each partner hopes that the benefits from the alliance will be greater than those from individual efforts. The alliance often involves technology transfer (access to knowledge and expertise), economic specialization, shared expenses and shared risk. Some types of strategic alliances be as discussed below (Hill & Jain, 2010).

Horizontal strategic alliances which are formed by firms that are active in the same business area. That means that the partners in the alliance used to be competitors and work together In order to improve their position in the market and improve market power compared to other competitors. Research and Development collaborations of enterprises in high-tech markets are typical Horizontal Alliances. Raue and Wieland (2015) describe the example of horizontal alliances between logistics service providers. They argue that such companies can benefit twofold from such an alliance. On the one hand, they can "access tangible resources which are directly exploitable". This includes extending common transportation networks, their warehouse infrastructure and the ability to provide more complex service packages by combining resources. On the other hand, they can "access intangible resources, which are not directly exploitable". This includes know-how and information and, in turn, innovativeness.

Vertical strategic alliances, which describe the collaboration between a company and its upstream and downstream partners in the Supply Chain, that means a partnership between a companies its suppliers and distributors (Hill & Jain, 2010). Vertical Alliances aim at intensifying and improving these relationships and to enlarge the company´s network to be able to offer lower prices. Especially suppliers get involved in product design and distribution decisions. An example would be the close relation between car manufacturers and their suppliers. Intersectional alliances are partnerships where the involved firms are neither connected by a vertical chain, nor work in the same business area, which means that they normally would not get in touch with each other and have totally different markets and know-how. Joint ventures, in which two or more companies decide to form a new company. This new company is then a separate legal entity (Doh, 2011). The forming companies invest equity and resources in general, like know-how. These new firms can be formed for a finite time, like for a certain project or for a lasting long-term business relationship, while control, revenues and risks are shared according to their capital contribution.

Equity alliances, which are formed when one company acquires equity stake of another company and vice versa. These shareholdings make the company stakeholders and shareholders of each other. The acquired share of a company is a minor equity share, so that decision power remains at the respective companies. This is also called cross-shareholding and leads to complex network structures, especially when several companies are involved (Williams, Abigail & Siegel, 2000). Companies which are connected this way share profits and common goals, which leads to the fact that the will to competition between these firms is reduced. In addition this makes take-overs by other companies more difficult. Non-equity strategic alliances, which cover a wide field of possible cooperation between companies. This can range from close relations between customer and supplier, to outsourcing of certain corporate tasks or licensing, to vast networks in R&D. This cooperation can either be an informal alliance which is not contractually designated, which appears mostly among smaller enterprises, or the alliance can be set by a contract.

Gary (2015), said that Technology development alliances, which are alliances with the purpose of improvement in technology and know-how, are growing and becoming common. For example (Venkatramen, 1988) consolidated Research and Development departments, agreements about simultaneous engineering, technology commercialization agreements as well as licensing or joint development agreements. There are also Operations and logistics alliances, where partners either share the costs of implementing new manufacturing or production facilities, or utilize already existing infrastructure in foreign countries owned by a local company (Doh, 2011). Marketing, sales and service strategic alliances, in which companies take advantage of the existing marketing and distribution infrastructure of another enterprise in a foreign market to distribute its own products to provide easier access to these markets (Gary, 2015). Multiple activity alliance, which connect several of the described types of alliances. Marketing alliances most often operate as single country alliances, international enterprises use several alliances in each country and technology and development alliances are usually multi-country alliances (Venkatramen, 1988). These different types and characters can be combined in a multiple activity alliance. Further kinds of strategic alliances include: Cartels: Big companies can cooperate unofficially, to control production and /or prices within a certain market segment or business area and constrain their competition. Franchising: a franchiser gives the right to use a brand-name and corporate concept to a frachisee who has to pay a fixed amount of money (Doh, 2011. The franchiser keeps the control over pricing, marketing and corporate decisions in general. Licensing: A company pays for the right to use another companies´ technology or production processes. Industry Standard Groups: These are groups of normally large enterprises that try to enforce technical standards according to their own production processes. Outsourcing: Production steps that do not belong to the core competencies of a firm are likely to be outsourced, which means that another company is paid to accomplish these tasks and Affiliate Marketing: Affiliate marketing is a web-based distribution method where one partner provides the possibility of selling products via its sales channels in exchange of a beforehand defined provision.

According to Miller and Friesen (1978) as companies gain experience in building alliances, they often find their portfolios ballooning with partnerships. While these partnerships may contribute value to the firm, not all alliances are in fact strategic to an organization. This is a critical point, since, as this article will explain, those alliances that are truly strategic must be identified clearly and managed differently than more conventional business relationships. Due to the levels of organizational commitment and investment required, not all partner relationships can be given the same degree of attention as truly strategic alliances. The impact of mismanaging a strategic alliance or permitting it to fall apart can materially impact the firm’s ability to achieve its core business objectives (Johnson, 1985).

Many alliances default to some form of revenue generation—which is certainly important— but revenue alone may not be truly strategic to the objectives of the business. There are five general criteria that differentiate strategic alliances from conventional alliances (Hill & Jain, 2010). An alliance meeting any one of these criteria is strategic and should be managed accordingly. Critical to the success of a core business goal or objective, Critical to the development or maintenance of a core competency or other source of competitive advantage, Blocks a competitive threat, Creates or maintains strategic choices for the firm and mitigates a significant risk to the business (Hofer & Schendel, 1975). The essential issue when developing a strategic alliance is to understand which of these criteria the other party views as strategic. If either partner misunderstands the other's expectation of the alliance, it is likely to fall apart. For example, if one partner believes the other is looking for revenue generation to achieve a core business goal, when in reality the objective is to keep a strategic option open, the alliance is not likely to survive. Examining each of the five strategic criteria in depth provides insight into how the strategic value of alliances can be leveraged (Hofer, & Schendel, 1975).

Among relationship commitments, joint ventures and equity investments are closest to the strategic end of the spectrum. However, investing a large sum of money in a partner does not automatically make the relationship strategic. One needs only to survey the wreckage of the dot-com era for proof of failed minority equity investments in alliances. It may be economically sound to invest $1 million in a distribution relationship that is projected to return $1.5 million in incremental sales the following year (Hofer, & Schendel, 1975). This would not necessarily be strategic to a firm with $800 million in annual sales, unless the alliance also served an alternate purpose that met one of the five strategic criteria. For example, if the achievement of a core business objective, such as access to a new market, were enabled by the investment, then it would be strategic to the firm.

Lack of executive sponsorship is often a source of alliance failure. As Hofer & Schendel (1975) stated that strategic alliances, the key to effective executive sponsorship is visibility and accountability. Since failed alliances can directly impact a business in a meaningful way, or even have adverse implications for the executive's own financial bonus or prestige, he has a strong incentive to consider the strategic alliance as important as his other primary responsibilities (Snyder & Glueck, 1986). Metrics determine just how the alliance and accountable executives are kept on track. While clear metrics are required of any alliance, shared metrics between the partners are absolutely critical to the success of a strategic alliance. Shared metrics bring immediate alignment of focus between the parties, and when executive sponsors are held accountable for the shared metrics, the two firms become aligned as one (Anderson, & Paine, 1976). Poor alliance governance structures are another common source of alliance failure. Strategic alliances are best served by formalized governance structures with clear mandates that are directly linked to the shared metrics underpinning the partnership. At Hewlett-Packard we often create strategic alliance executive committees using an "N by N" mapping of key HP executives to their counterparts at the alliance partner (Snyder & Glueck, 1986). The number ("N") and position of the executives participating in the review meetings—usually on a quarterly basis—is tailored to the specifics of each strategic alliance. The attending executives represent the business unit(s) and core functions that are critical to execution of the strategic alliance (Snyder & Glueck, 1986),.

Anderson, & Paine, (1976) said that regular meetings of executives from the partner companies continue the relationship building that begins while formulating and negotiating the terms of the strategic alliance. Trust is perhaps the foundation of a strategic alliance and these relationships are the building blocks for establishing trust amongst the individuals who represent the two parties in the strategic alliance. Anderson and Paine, (1976) the real reason that most alliances fail is the constant change in the business environment. Trust allows the parties in a strategic alliance to have the difficult discussions that will transform the alliance over time and give it longevity (Snyder, &

Glueck, 1986). When corporate strategies change as a result of a changing business environment, the assumptions upon which the strategic alliance was originally based also change. What was once a strategic investment may no longer remain strategic without modification to the terms of the alliance. In the most extreme cases, the trust built between the two companies enables the adaptability—even renegotiation of the financial terms—to accommodate changes in market or other conditions that impact one of the partners (Anderson & Paine, 1976).

Strategic alliance organizations are feeling increased pressure. According to Snyder and Glueck (1986), As critical personnel become stretched and financial resources become scarce, strategic alliance organizations must allocate their resources in the most efficient manner possible so that truly strategic alliances can support and accelerate the strategy of the business. The five strategic criteria outlined in this article are primary determinants of the strategic value of an alliance. Using these criteria to identify genuine strategic alliances in the portfolio today and as a guide for developing future strategic alliances are the first steps to improving the impact of an alliance organization. The management principles, also described above, are the next steps towards improving the effectiveness of the strategic alliances themselves.

Moore (2009), observes that Corporate leadership is the totality of the institutional and organizational mechanisms, and the corresponding decision-making, intervention and control rights, which serve to resolve conflicts of interest between the various groups which have a stake in a firm and which, either in isolation or in their interaction, determine how important decisions are taken in a firm, and ultimately also determine which decisions are taken. Healey (2003), notes that the quality of decisions being taken by directors does not rely solely on their aptitudes in adopting the right course of action, but also to which extent these resolutions is congruent to the long term goals of shareholders. This concerns the relationship between stakeholders in a company. It is the way a company is managed taking into consideration interests of all stakeholders. Stakeholders includes: shareholders, employees, customers, consumers and other corporations having relationships with the firm. It indicates whether the company is meeting the requirements of every stakeholder. Different stakeholders have different demands from the company. (Chamisa *et al.,* 2011).

Babu (2012) said that Corporate governance is the set of practices that best provides for the effective, open, and visible management of an organization. The comprehensive study of corporate governance is an acknowledged necessity for good performance in business (Horwitz, 1992). Corporate governance involves detailed understanding of communication, policy and procedure, and performance management. Bratton (2009) argues that corporate governance includes codes of conduct and ethics, leadership, human resources management, and corporate compliance. Corporate governance deals with Corporations and decision making structures. One of its main purposes is to ensure the efficient confluence of otherwise competing interests that are affected by companies' activities (Doh, 2011). The debate about the relationship between shareholders' interests (those of investors and owners of the issued shares of the Corporation) and other stakeholders' or other constituents interests (those related to a varied number of constituents such as employees, citizens of the Community where the Corporation interacts, etc) is as old as Corporations.

Corporate leaders are responsible for resources allocation. Organizations require adequate resources to achieve desired performance. Strategic Resource allocation begins with an appreciation of the need for various resources. Scholes *et al.* (2002) Once the manager has identified the organizational goals then he/she can work backwards to identify the resources that will be required to achieve the goal. Proper management and optimal use of resources is key for an organization to realize its business strategy. With intelligent resource management, an organization can develop and retain a world-class workforce. Strategic resource allocation guarantees the process of using a company's resources in the most efficient way possible. These include tangible resources such as goods and equipment, financial resources, and labor resources such as employees. Soft resources include: Knowledge, Information, Technology, Skills, Work methods, Structure and support systems, Policy support, Networks and linkages and Time (Mckinsey, 2012).

Resource allocation, a ubiquitous process in organizations, represents a curious dilemma for strategic leaders. This is especially true for conglomerate organizations interacting with numerous task environments representing multiple and differing industry sectors. The resource allocation process in a conglomerate organization is critical to the enterprise's ability to undergo strategic adaptation to realign the corporate mission and strategic goals during environmental shifts (Johnson *et.al.,* 2012). The resource allocation process is influenced by the antecedent events of environment shifts and strategic leadership assessment. As the organization recognizes environmental shifts like; technology advances, interest-rate changes, and competitor moves, the organization's dominant coalition is faced with the need to assess how to allocate resources to maintain or enhance organizational competitiveness given the dynamic nature of most task environments, the open-system orientation results in exogenous influences changing past resource allocation patterns. Competitor moves and technology advances typically influence an inherently imitative, strategic adaptation that results in the emulation of best industry practices (Scholes *et al.*, 2002).

Although first mover firms receive the most attention for their entrepreneurial prowess, firms are compelled to respond to the actions of other firms. Often the response is mere imitation of the first mover, but significant entrepreneurial activity also occurs when firms incorporate lessons learned in what may be termed innovative imitation, (Johnson *et al.,* 2002). Thus, firms operationalize their strategic thinking by allocating resources among productive internal activities. Often a firm's mission statement and strategic planning documents suggest one emphasis for the firm, but resource allocation indicates the firm's real priorities and true intentions. Resource allocation cannot give misleading signals. Firms realize strategic adaptation proactively or by default. Strategic adaptation occurs by default through the accumulation of successive allocation decisions, unless a firm's leadership intentionally defines a strategic vision (Blaxill *et al.,* 2011).

Also, corporate leaders conduct strategic risk management. Ndaa (2012), claimed that Strategic risks are the uncertainties and untapped opportunities embedded in a strategic intent and how well they are executed. As such, they are key matters for the board and impinge on the whole business, rather than just an isolated unit. Strategic risk management is an organisation's response to these uncertainties and opportunities. It involves a clear understanding of corporate strategy, the risks in adopting it and the risks in executing it. These risks may be triggered from inside or outside your organisation. Once they are understood, you can develop effective, integrated, strategic risk mitigation. Far from holding back the business, strategic risk management is about augmenting strategic management and getting the full value from your strategy. In a typical instance, a conventional approach to setting and executing strategy might look at sales growth and service delivery. Rarely does it monitor the risks of a shortfall in demand. Effective strategic risk management is built around a clear understanding of how much risk your business is prepared to take to deliver its objectives, and a timely and reliable evaluation of how much risk it is actually taking (Ndaa, 2012).

Strategic surveillance is designed to monitor a broad range of events inside and outside the company that are likely to threaten the course of the firm's strategy. The basic idea behind strategic surveillance is that some form of general monitoring of multiple information sources should be encouraged, with the specific intent being the opportunity to uncover important yet unanticipated information. Strategic surveillance appears to be similar in some way to "environmental scanning." The rationale, however, is different. Environmental, scanning usually is seen as part of the chronological planning cycle devoted to generating information for the new plan. Strategic surveillance is designed to safeguard the established strategy on a continuous basis. A special alert control is the need to thoroughly, and often rapidly, reconsider the firm's basis strategy based on a sudden, unexpected event.

2.4.4 Firm Performance

Firm performance measurement is important and there are numerous ways measuring firm performance. Measurement plays a crucial role in translating business strategy into results (Lingle & Schiemann, 1996). Strategy and performance measurements need to be intertwined, and as such are likely to be unique for each company. Companies should measure how parts of their value chain actually fit together for an overarching advantage instead of relying on process-by-process metrics (Porter, 2002). Profitability will be used to analyze the performance of the management.

The literature carries mixed results concerning the association between strategic management and firm performance. Drobetz *et al.* (2004), reported a positive relationship between the quality of strategies and their measures of profitability, growth and corporate performance. For instance, Selvaggi and Upton, (2008) claimed that good strategies enhance firm's performance in United Kingdom. Similarly, Black, (2001) reported the same conclusions in the case of Russian firms. In contrast, other studies reported no significant positive relationship between operating performance and corporate management. For instance, Bauer *et al*. (2004) argued that initially an insignificant relationship was reported which afterwards turned to a significantly and statistically negative relationship. A similar outcome was also observed by Beiner *et al.* (2004). Moreover, other studies (Park & Shin, 2004; Prevost *et al.*, 2002) did not found any evidence of any relationship between the two variables.

There are different aspects and techniques in performance evaluation of shipping companies in literature, and the key point is to select an appropriate method according to the study purpose and characteristics of the problem. Chou and Liang (2001) used AHP method and combined entropy concept and fuzzy theory to obtain the weight of evaluation criteria, and then applied MCDM to rank the performance of shipping companies. It is worth to be mentioned that while some of the financial indicators are usually related to each other, without deleting similar indicators out, may cause misleading results. Lin *et al*. (2005) used DEA to evaluate the performance of shipping companies, in which assets and stockholders' equity were selected as input variables, and output variables were operating revenue and net income. One disadvantages of this DEA study is that it didn't consider enough input and output variables, especially the financial indicators.

It is common to evaluate performance by selected performance indicators and those are measures of how well a company is achieving its objectives. Indicators usually divide into quantitative measures and qualitative observations. Financial indicators are the most useful quantitative measures being practically used in shipping industry (Chou & Liang, 2001; Lin *et al.,* 2005). However, not all the value creating elements in a company can be included in traditional financial statements, such as employees and clients. As for qualitative observations, Chou and Liang (2001) used the criteria such as management effects, customer service quality and logistics service quality in their evaluating framework, they mentioned that although it is difficult to convert quality into quantity, it is better to evaluate performance of a company from wider different perspective. In short, it is useful to evaluate the financial performance of a company by financial ratios, but financial performance alone is not enough to explain the future potential of a company. Thus, intellectual capital is proposed to be added to supplement financial analysis in this study, and the GRA method is adopted to identify the representative indicators for both aspects of evaluation.

2.4.4.1 Firm Profitability

Profitability is the primary goal of all business ventures. Without profitability the business will not survive in the long run. So measuring current and past profitability and projecting future profitability is very important. Profitability is measured with income and expenses. Income is money generated from the activities of the business. For example, if crops and livestock are produced and sold, income is generated. However, money coming into the business from activities like borrowing money do not create income. This is simply a cash transaction between the business and the lender to generate cash for operating the business or buying assets. Expenses are the cost of resources used up or consumed by the activities of the business. For example, seed corn is an expense of a farm business because it is used up in the production process. A resource such as a machine whose useful life is more than one year is used up over a period of years. Repayment of a loan is not an expense; it is merely a cash transfer between the business and the lender.

According to Downey and Slocum (1975), Profitability is measured with an "income statement". This is essentially a listing of income and expenses during a period of time (usually a year) for the entire business. An Income Statement is traditionally used to measure profitability of the business for the past accounting period. However, a "pro forma income statement" measures projected profitability of the business for the upcoming accounting period. A budget may be used when you want to project profitability for a particular project or a portion of a business. Whether you are recording profitability for the past period or projecting profitability for the coming period, measuring profitability is the most important measure of the success of the business (Downey & Slocum, 1975). A business that is not profitable cannot survive. Conversely, a business that is highly profitable has the ability to reward its owners with a large return on their investment. Increasing profitability is one of the most important tasks of the business managers. Managers constantly look for ways to change the business to improve profitability. These potential changes can be analyzed with a pro forma income statement or a Partial Budget. Partial budgeting allows you to assess the impact on profitability of a small or incremental change in the business before it is implemented.

A variety of Profitability Ratios (Decision Tool) can be used to assess the financial health of a business. These ratios, created from the income statement, can be compared with industry benchmarks. Also, Income Statement Trends (Decision Tool) can be tracked over a period of years to identify emerging problems (Downey & Slocum, 1975).

Traditionally farmers have used the “cash method” of accounting where income and expenses are reported on the income statement when products are sold or inputs are paid for. The cash method of accounting, used by most farmers, counts an item as an expense when it is purchased, not when it is used in the business. This has been used as a method of managing tax liability from year to year. However, many non-farm business accounting systems count an item as an expense only when it is actually used in the business activities. However, net income can be distorted with the cash method of accounting by selling more than two years crops in one year, selling feeder livestock purchased in a previous year, and purchasing production inputs in the year before they are needed.

To provide a more accurate picture of profitability, the accrual method of accounting can be used. With this method, income is reported when products are produced (not when they are sold) and expenses are reported when inputs are used (not when they are purchased). Accrual accounting uses the traditional cash method of accounting during the year but adds or subtracts inventories of farm products and production inputs on hand at the beginning and ending of the year. A worksheet for computing Net Farm Income Statement (Decision Tool) with accrual accounting is available that allows you to prepare an accrual net income statement from income tax schedules and net worth statements. Information on creating and using a Net Farm Income Statement is also available (Barney, 1986).

Profitability can be defined as either accounting profits or economic profits. Traditionally, firm profits have been computed by using “accounting profits”. To understand accounting profits, think of your income tax return. Your Schedule F provides a listing of your taxable income and deductible expenses. These are the same items used in calculating accounting profits. However, your tax statement may not give you an accurate picture of profitability due to IRS rapid depreciation and other factors. To compute an accurate picture of profitability you may want to use a more accurate measure of depreciation. Accounting profits provide you with an intermediate view of the viability of your business. Although one year of losses may not permanently harm your business, consecutive years of losses (or net income insufficient to cover living expenditures) may jeopardize the viability of your business (Downey & Slocum, 1975).

In addition to deducting business expenses, opportunity costs are also deducted when computing “economic profits”. Opportunity costs relate to your money (net worth), your labor and your management ability. If you were not farming, you would have your money invested elsewhere and be employed in a different career. Opportunity cost is the investment returns given up by not having your money invested elsewhere and wages given up by not working elsewhere. These are deduced, along with ordinary business expenses, in calculating economic profit. Economic profits provide you with a long-term perspective of your business. If you can consistently generate a higher level of personal income by using your money and labor elsewhere, you may want to examine whether you want to continue farming.

People often mistakenly believe that a profitable business will not encounter cash flow problems. Although closely related, profitability and cash flow are different (Caroll, 1993). An income statement lists income and expenses while the cash flow statement lists cash inflows and cash outflows (Downey & Slocum, 1975). An income statement shows profitability while a cash flow statement shows liquidity. Many income items are also cash inflows. The sale of crops and livestock are usually both income and cash inflows. The timing is also usually the same (cash method of accounting) as long as a check is received and deposited in your account at the time of the sale. Many expense items are also cash outflow items. The purchase of livestock feed is both an expense and a cash outflow item. The timing is also the same (cash method of accounting) if a check is written at the time of purchase (Grant, 1991).

2.4.2 Firm growth

Penrose (1959) suggested that firms are a bundle of internal and external resources, which helps a firm to achieve competitive advantage. She further adds that in the long run, there can be a limit to the growth of a firm, but not to the optimal size. Growth of a firm is determined by the rate at which experienced managerial staff can plan and implement this plan. Further she explained that the external environment of a firm is an image in the mind of the entrepreneur. Firm activities are governed by productive opportunities which are actually a dynamic interaction between the internal and the external environments. This interaction includes all the productive possibilities that the entrepreneur can see and take advantage of. The author also mentioned that growth often is natural and normal, a process that will occur whenever conditions are favorable. The size of the firm is incidental to the growth process, and ‘a firm is a coherent administrative unit that provides administration coordination and authoritative communication' (Penrose, 1959). She proposed that the growth of the firm is limited by the scope of managerial resources, specially the ability to coordinate capabilities and introduce new people into the firm.

Greiner (1972) has done the foundational work on the theory of firm development. Based on his theoretical review of growing firms, he has concluded that firms move through five distinguishable stages of growth. Each phase contains a relatively calm period of growth that ends with a management crisis (Masurel & Montfort, 2006). These five phases and crises of growth are creativity, direction, delegation, coordination, and collaboration as shown in the figure below.

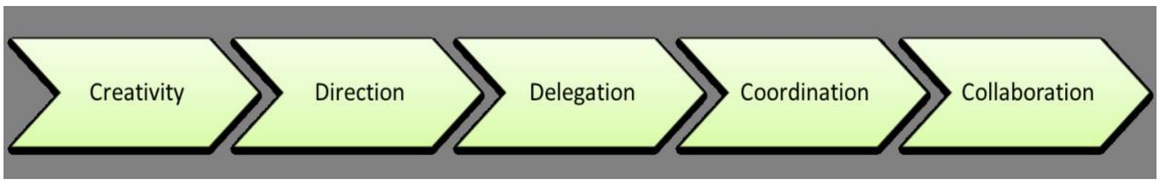

Figure 2.4: Administrative phases of growth

Masurel and Montfort (2006) suggests that a firm goes through evolution and revolution crises. These crises can be solved by introducing new structures and programs that will help employees to revitalize them. Greiner's phenomena of evolution and revolution became the basis of many studies on firm life cycle. Another significant contributor in this field is Adizes (1979) who argues that the attitude and style of a manager has a lot of influence on the life and effectiveness of an firm (Masurel & Montfort, 2006). Adizes has also pointed out that reinforcement skills, self-commitment, risk-taking capacity, vision, and administrative mastery are required in the first few stages of an firm development. Once an firm reaches its prime stage, the manager needs to be result-oriented and should show proper planning and coordination skills. At the maturity stage, the firm should be backed by systems to achieve the target.

Applying the findings of Greiner to the small entrepreneurial business situation, Churchill and Lewis (1983) have developed a model. As defined by them, a firm can have five stages of growth as depicted below.

Figure 2.5: Stages of growth of a firm

Existence is the first of the entrepreneurial venture. In this stage, the firm struggles to establish its processes and works without a formal structure in place. The owner of the firm takes close supervision of each and every business activity. At the second stage, which is survival, the business grows and the entrepreneur feels the need to have additional capital to expand the business. Since the business activity is growing, he/she prefers to add family members or known people as partners to expand the business. The main aim of the firm is to reach the breakeven point so that adequate cash flow can be maintained to meet day-to-day requirements of repair and replacements. At the third stage of success, the firm begins to earn profits. They have enough capital to either invest in further business opportunity or continue with the same pace of growth. At this stage, the firm may take up team building and people development as some of their focus areas; however, these initiatives are driven by personal values and vision of the entrepreneur.

At the takeoff stage, the focus is on further growth, expansion, and seeking new opportunities. The organization becomes more formal in nature, and work is properly defined and delegated. Finally, at the resource maturity stage, the firm is no more called a small firm. Company gives more emphasis on quality control, financial control, and creating a niche in the market. Bridge *et al.* (2003) suggest that it is not necessary that a firm develops in discrete phases with clear boundaries between them. They further highlighted that 'separating the development process into stages is rather like dividing the spectrum of visible light into colors'. The authors argue that, while broad stages of development of a firm can be indicted, it is very difficult to say when the business moves from one stage to another. Firms do not necessarily follow the linear models (Hill & Jain, 2010). It is not possible for a firm to progress through each stage. They can grow, stagnate, and decline in any order; also, these things can happen more than once, and there is a possibility to reverse their steps. Authors suggest that the growth of an organization is a result of many discrete efforts. As also suggested by Blundel and Hingley (2001), growth may be achieved quickly, slowly, or not at all. It depends on the strength of the growth aspirations and growth-enabling factors of a firm. Hence, it is not possible to consider growth as a norm or an even progression of a firm.

Levie and Lichtenstein (2010) have suggested that the stages model and life cycle theories of entrepreneurial growth do not provide ample evidences of the firm growth and development. In their review of literature of the last 40 years, they have found that there is no agreement on defining the stages of firm growth. Further, they have pointed out that previous researches lack proper evidences on what is the path of progress from one stage to another and the reasons behind the shift. They have suggested a new dynamic stage theory which argues that organizations are not like organisms, and their growth can be co-created with the help of shifting of internal as well as external environment. Dynamic states offer that an firm can survive and maintain itself by being flexible and by adapting continuous changes in the environment. The author highlights the need to have a sustainable growth approach instead of growing on the basis of number of stages. Though the authors strongly recommend the use of dynamic stage theory, they conclude that an empirical research is required to find out what makes dynamic state sustainable, when and where dynamic states change, and which contextual variables are important for the processes. Leitch *et al.* (2010) also suggest that there is a need to understand the growth phenomenon and its importance to conceptualize the phenomenon properly. There is a lack of shared understanding on the causes, effects, and the process of growth. In the above paragraph, it was mentioned that growth is a social construct (Majumdar, 2008); hence, there is lot of diversity in it. The heterogeneity of the firm and entrepreneur's context add further challenges to the study and understanding of growth. Leitch *et al.* (2010) also observe that three questions related to growth have been addressed at least to some extent: why, how, and how much. They further suggest that there is still a lot of scope of exploration on growth as 'internal process of development' (Penrose, 1959).

Chaston (2010) in his book has suggested that under the life cycle concept of a firm, a new chasm has to be crossed before the next stage of growth can be commenced. Chasms are of five types: launch capacity, expansion, organizational formalization, succession, and long-term growth.

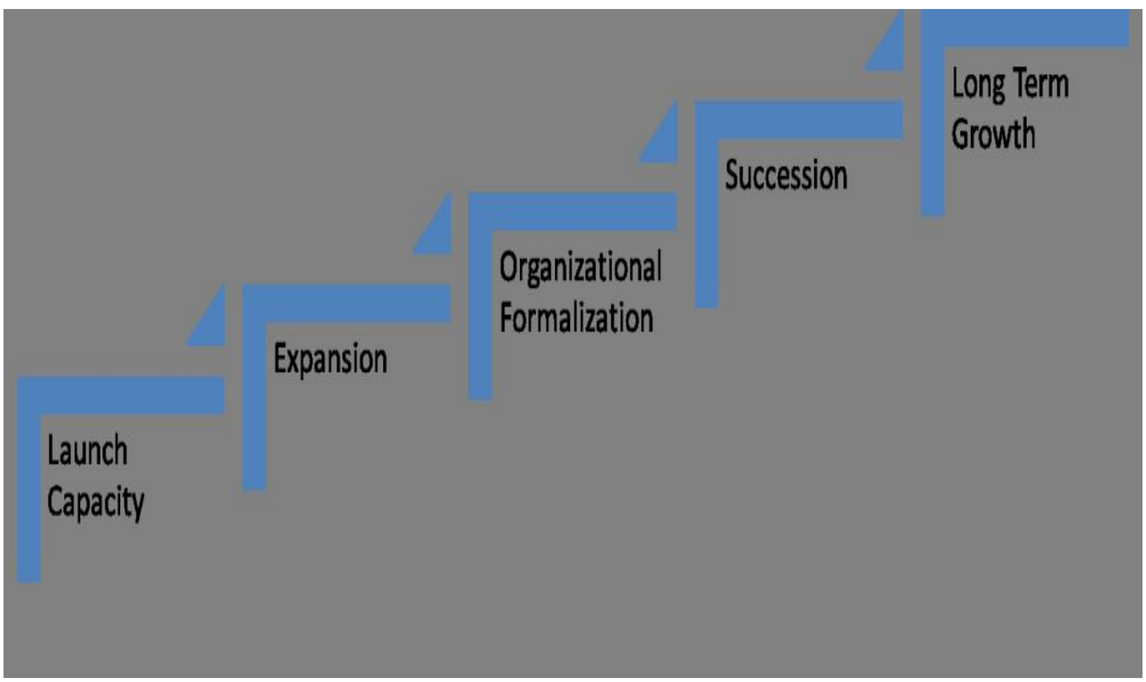

Figure 2.6: stages of growth

Crossing each chasm will require the entrepreneur to acquire new skills and prioritize managerial task inside the organization. The author further suggests that some of the entrepreneurs may take more time to move from one chasm to another, while for some, it may be a fast progression. Financial backing, non-viable means to new technology, may be the reasons for not able to cross chasm 1 (Dunn & Cheatham, 1993). To be able to cross chasm 2, the entrepreneur should be able to generate demand and increase sales. To cross chasm 3, there is a need for capacity expansion. One needs to match the demand with appropriate supply. Failure to implement a formal organization structure with professional manpower will pose challenges to cross chasm 4. A well-established business will require a competent successor. The entrepreneur may decide to appoint an internal person or bring a new chief executive from the outside of the company. An ineffective replacement for the founder may cause the business to fail to cross chasm 5.

2.5 Critique of the existing literature relevant to the study

Bernard (1938) based on his own experience as a business executive, described the process of strategic management as informal, intuitive, non-routinized and involving primarily oral, two way communications. Bernard says “The process is the sensing of the organization as a whole and the total situation relevant to it and transcends the capacity of merely intellectual methods, and the techniques of discriminating the factors of the situation (Yabs, 2008). Ndaa (2013) found that senior managers typically deal with unpredictable situations so they strategize in ad hoc, flexible, dynamic, and implicit ways. Kotter (1982) studied the daily activities of 15 executives and concluded that they spent most of their time developing and working a network of relationships that provided general insights and specific details for strategic decisions. They tended to use mental road maps rather than systematic planning techniques. This is not given a thought in the porter’s five forces model. Isenberg's (2004) study of senior managers found that their decisions were highly intuitive. Executives often sensed what they were going to do before they could explain why. He claimed in 1986 that one of the reasons for this is the complexity of strategic decisions and the resultant information uncertainty.

Zuboff (1987) claimed that information technology was widening the divide between senior managers (who typically make strategic decisions) and operational level managers (who typically make routine decisions). She alleged that prior to the widespread use of computer systems, managers, even at the most senior level, engaged in both strategic decisions and routine administration, but as computers facilitated routine processes, these activities were moved further down the hierarchy, leaving senior management free for strategic decision making. Hamel (2000) coined the term strategic convergence to explain the limited scope of the strategies being used by rivals in greatly differing circumstances as explained by porter. He lamented that successful strategies are imitated by firms that do not understand that for a strategy for the specifics of each situation.

The choice of the important indicators has impact on the operation and the direction of the organization. Prior to choosing transport performance indicators, the identification of clear objectives, matching the strategy and acceptance of those involved is required. (Išoraitea, 2010) Profitability as a measure is not capable of discriminating excellence (Panayides, 2003). Performance measurement is multi-dimensional. The best value performance indicators can be used for five dimension performance are: (Isoraitea, 2010), Strategic objectives, Costs and efficiency, Service delivery outcomes, Quality and Fair access.

2.6 Research gaps

In his studies Yabs (2008) presented strategic management practices as a set of systematic, planning techniques that help managers in making strategic decisions in the businesses. This portrays strategic management as a field that does not allow flexibility in a dynamic environment. Woodhouse and Collins (1984), concept of strategic lie came about as a result of managers deviating from the initial plans during implementation of a strategy. None of these studies has been replicated in the maritime sector and this is a clear gap the researcher intends to study.

Also, Guimera *et al*. (2005); Fremont, (2007); Leslie and Reimer (2011) did extensive studies on maritime. They have however not done much on corporate governance practices, globalization and competitive strategies as factors that affect performance of maritime industry. Bell (1985) did a lot of studies on how technology affects business performance but none of a similar study is recorded in the maritime sector.

From the literature, we noticed that many contingent factors affect how firms strategize in shipping industry. The mains are company size and the company ownership. Bigger companies behave differently from the medium and small size ones. The companies that belong to groups have different strategic approaches from the ones that are standing alone or from family firms (Panayides & Wiedmer, 2011); Sys (2009); Markides and Holweg (2006). The main strategic options used by shipping lines from our analysis are the following: diversification, differentiation, concentration, alliances, specialization and cost leadership. Anyway, those options are the main topics that articles we reviewed focus on. These results show thus the range of interests from the strategy community and not necessarily highlight the range of strategies in the shipping industry. With respect to the emerging state of strategic management research in shipping industry, research topics are somehow rooted in very classical trends on the strategy field. Cost leadership, concentration and differentiation relate to the positioning school and Michael Porter's influence in defining generic strategies at business-level. Diversification and specialization relate to Igor Ansoff's seminal work about strategic development of large firms at a corporate level. Thus, the field needs to elaborate on classical perspective in the theoretical building process before rejuvenating in borrowing more contemporary approaches.

Shipping is asset driven business and global by nature. Sellers have customers located all around the world. Because of resources and capabilities needed to have global coverage, shipping lines have been forming alliances since the early days of the industry. It started with conferences and consortia and continues to date through strategic horizontal alliances and drive more attention from the industry scholars compare to other strategic approaches (Driel, 1992).

Freight market is volatile and that may result in significant increase and decrease of income overnight. Companies may derive big profits from this volatility, but it may also wipe out the entire business overnight. Because of volatility and cyclicality, risk management is one of the most important activities in shipping business (Lorange & Datson, 2014). Shipping lines use diversification has a means to protect their businesses against cyclicality and volatility and to maintain or achieve an over average performance (Oswald *et al.*, 2013). improve customers satisfaction and faithfulness by providing more value added services. Mearsk for example diversified in terminal business because it has the resources and capabilities needed to operate more efficiently that activity (Frémont, 2007). Maersk has now the highest schedule integrity and that gives it a real competitive advantage over the competition (Notteboom & Vernimmen, 2009). Some shippers diversified to become more sophisticate player in order to secure their strategic advantage (Markides & Holweg, 2006) It is also believed that the potentials remaining in cost savings in transportation alone are limited. To remain in business and generate higher margin, shipping lines must find opportunities elsewhere. Therefore, there is a pressure to develop more value added services, and diversification is perceived as the safest and easiest way to get there (Notteboom & Mercx, 2006). Diversification is mostly used by larger players who has enough resources and capabilities to operate conjointly several activities in different locations (Markides & Holweg,2006; Panayides & Wiedmer, 2011). Shipping Lines diversified mainly through merger and acquisition (Carbone & Stone, 2005). The question whether diversification in shipping industry should be related or unrelated remains unanswered from our review. Some scholars believe that related diversification leads to superior performance because it transfers learning effects from a business to another and unrelated diversification should be avoid (Olavarrietta & Ellinger, 2007). Others believe that unrelated diversification can lead to more market power (Markides & Holweg, 2006; Notteboom & Mercx, 2006). Lorange and Datson (2014) however believe that because of the limits of human cognition, it is hard to manage highly diversified businesses under the same corporation.

From the researcher's review, most of the time the unrelated diversification is done at the corporate level whereas the related diversification is at the business level (Oswald *et al.*, 2013; Fremont, 2007). Illustration can be found in the cases of Maersk Line (related diversification at business level) and Bibby (unrelated diversification at corporate level). These two multinational companies have found their way into serious shipping business and practicing different forms of diversification. Mearsk sealine is the current market leader in the industry.

According to Lorange and Fjeldstad (2010), traditional shipping lines were more generalist and used to adopt an integrated approach, involving many shipping aspects under the same organization. That leads to two major hindrances to innovation: silo focus and bureaucracy. Frémont (2007), focus refers to an organizational design where services are divided, with no cross fertilization within departments. That leads to incomplete implementation of strategy and hinder innovation because knowledge is not shared (Lorange & Fjeldstad, 2010). Bureaucracy is the organizational design where upper management is claiming credits for accomplishments while putting blame on lower level workers for mistakes. In bureaucracy, status is more important than the building of the business. That leads to risk aversion and very few are managers who are able or willing to take actions that may lead to innovation and high performance (Lorange & Fjeldstad, 2010). Differentiation is fueled by the knowledge of the customers and their emerging needs, and by innovation that may lead to appropriate answer to the customers' needs. According to Lorange and Fjeldstad (2010), successful firms are those who are willing to experiment new things, they are not too conservatives. Firms should therefore look outside their boundaries to stimulate innovation. He added that cooperating with others can help to know the customers more. Innovation may be technical, commercial or environmental (Lorange & Fjeldstad, 2010).

In shipping industry, concentration is mainly a way of competing for smaller players (Markides & Holweg, 2006; Panayides & Wiedmer, 2011). It is mainly expressed in terms of geographic coverage (Carbone & Stone, 2005). Smaller players, because of their limited resources, are focusing on niche market (Panayides & Wiedmer, 2011). As a way of concentration, lines may decide call on fewer ports, by providing high volume on fewer routes with bigger ships. Most Asian lines operate in global market from home with alliances. Gadhia *et al.* (2011) refer to that as home based international.

This thesis aims to bridge these gaps by providing a literature review on influence of perceived strategy choices on performance of firms in shipping industry, with a strategic management lens. In this study, we focus on articles edited in academic peer-reviewed journals. One may consider that some interesting papers may be published in handbooks or conference proceedings. We thought that academic journals are to be the main locus of conversation between researchers and thus express a kind of institutional view of the extent to which the strategy field addresses strategic issues in the shipping industry. In the sections that follow, we will describe the methodology we use for our literature review. We will picture the main strategies used in the shipping industry as reported in this literature. We will then describe the main underlying theories used as basis for studying strategy formation and the methodology adopted by scholars. We will close this paper by a discussion section on some avenues.

2.7 Summary

The theoretical review shows that there are numerous scholars who have done previous studies on the factors that affect the performance of corporations. Theoretical review shows balanced scorecard theory of analyzing firm performance, adaptive strategies, clear strategic direction and strategic consistency is shown by various scholars as being key to measurement of firm performance. Other theories reviewed are the strategic consistency theory and resource based management theory. The empirical literature reviewed the porter’s forces model, global business strategy and all other determinants.

The determinants that have been discussed in this chapter are management of competitive advantage, global business strategy and corporate leadership practices with specific reference to strategic risk management and resources allocation. The researcher has considered most of the available literature and provided a critic of some of them.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides the research methodology that was used in this study. It consists of research design, target population, research instruments, data collection procedures and data analysis techniques.

3.2 Research Design

It is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with the economy in procedure. It is the conceptual structure within which research is conducted; it constitutes the blueprint for collection, measurement and analysis of data and includes the outline of what the researcher will do from writing the hypothesis and its operational implications to the final analysis of data.

The researcher used mixed research design with advanced statistical analysis, (Kothari, 2010). Mugenda and mugenda (2003), indicates that descriptive research and exploratory research can be done in one research and a report study that requires the collection of quantifiable information from the sample provided.

3.3 Target population

Kothari (2010), claimed that a target population is classified as all the members of a given group to which the investigation is related, whereas the accessible population is looked at in terms of those elements in the target population within the reach of the study. This study used descriptive research with a total population of involving 76 shipping companies and agencies. The target population under this study is the 76 shipping companies, Kenya maritime authority, Kenya ports authority and Kenya ship agents association.

3.4 Sampling frame

Sampling frame provides a list of elements within the population that were sampled for the study. It also shows additional auxiliary information about the units under study. A complete list of the companies is attached as per Kenya maritime authority. The selection criteria were based on companies that have been in operations for more than five years from the date of incorporation. Also, the researcher sampled from shipping agencies and shipping lines. For purposes of this study, the researcher used a purposive sampling to get the top management staff that would provide the required information. The researcher then selected companies that deal with shipping business directly in order to get reliable information for the study. The researcher targeted all the 6 shipping lines as per KMA data bank and the 51 shipping agencies operating in the country. The researcher also targeted the 19 cargo consolidators firms operating in the industry in Kenya.

The researcher further targeted three executive heads of the companies that met the criteria. In addition, three respondents at Kenya maritime authority interviewed and one of them was from the oversight and monitoring unit.

Table 3.1: Sampling frame

Category by sub sector 2008 and Beyond	**Number of companies**	**Companies incorporated**
Shipping lines	6	4
Shipping agencies	51	38
Cargo consolidators	19	14
TOTAL	**76**	**56**

3.5 Sample Technique and sample size

Gehauri and Gronhang (2002) outlined the procedure for drawing a sample and for purposes of this study; the researcher identified all the 6 shipping lines companies as interviewees. This was guided by the fact that the research utilized purposive sampling in order to get reliable data and taking respondents from all the six companies would enhance reliability and validity of data collected. The researcher further sampled randomly from the full list of those shipping agencies and cargo consolidators that were incorporated in the year 2008 and beyond. The researcher made a random sample of 35 companies from 52 companies that were incorporated in the year 2008 and beyond. These 52 companies are obtained as the sum total of all shipping agencies and cargo consolidators incorporated five years and beyond as provided by Kenya maritime authority. This is also captures in figure 3.1 above. The sample size was well representative of the entire population in the industry. The researcher issued 5 questionnaires in each organization to enhance validity of the data obtained. Further three additional questionnaires were issued at Kenya ports authority, Kenya ship agents association and Kenya Shippers Council Secretariat. The basis for the addition of the extra questionnaires to the industry regulators is to ensure that we get the industry trends based on the regulators views Also three questionnaires were issued at Kenya maritime authority and one of the respondents were from the monitoring and control unit. That means that a total of 41 companies were sampled for this study.

Table 3.2: Sample size

Category of industry	Population	Sample Size	Questionnaire
Shipping lines	6	6	30
Cargo consolidators	38	25	125
Shipping agencies	14	10	50
Total	**76**	**41**	**205**

The unit of analysis in this study was the shipping firms whether shipping lines, cargo consolidators or shipping agencies.

3.6 Data Collection Methods

Creswell (2002) defines data collection as a means by which information is obtained from the selected subjects of an inquiry. The instruments that were used in data collection were drawn from both primary and secondary sources. Questionnaires and Interview schedule were used to collect primary data.

3.6.1 Primary Sources

The main instruments used interviews and questionnaires. Interview schedule is a form of an interview in which one on one interaction is emphasized. The interview scheduled was relatively structured, with specified questions that were asked. The questions were relatively open ended, well structured, simple self explanatory question asked to the employees when appropriate throughout the interview session. The interviewer pursued in-depth information around the topic. They were particularly useful in getting history of companies and general operations of shipping companies and the business environment. For more insightful data collection, the researcher also issued questionnaires that had open ended questions. These are the pre-specified list of questions which may require a range of responses from alternatives given to opinion statements. Interview guides were prepared as well to ensure that the 3 executives at the monitoring units provide as much information regarding the industry as possible.

3.6.2 Secondary Sources

The researcher utilized several secondary information sources that were available in the organization to ensure that relevant information is gathered accordingly. Various means were used to gather secondary information. These were through studying Company websites, company house journals, published material and public information published in various government institutions that are relevant to this study.

3.7 Data Collection Procedure

The study relied largely on primary data though secondary information was sort. The researcher issued different questionnaires to various respondents in different organization. The respondents were given time to fill the questionnaires. Then through the use of research assistants, the researcher collected the questionnaires for analysis. Some of the respondents were too slow and didn't respond as urgently required. The research assistants had to make several trips to get filled questionnaires. All the questionnaires had structured questions. Questionnaire is a set of questions that is given to individuals for them to respond to them through writing. In the case of interviews, the researcher placed an appointment with the managers who were to be interviewed and scheduled meetings with them. Some of the interview schedules were done out of office while a few others were done at their office.

3.8 Pilot Study

According to Cooper and Schindler (2010) pilot test is conducted to detect weaknesses in the design and research instruments and also to provide proxy data for selection of a probability sample. The pilot study that was conducted focused on trying to establish whether the instruments provide the required data. During the piloting, the researcher pre-determined the sets of questions that the researcher had to do piloting. The criteria that the researcher used to select the areas for piloting was random sampling and a total of 10 respondents were interviewed. This is because a pilot sample of 10 can adequately inform the researcher about quality of the research instruments as indicated by (Cooper & Schindler, 2010). Questionnaire administration involved pre contact with the respondent and conducting personal interviews.

3.8.1 Validity Test

In order to ensure content validity, preliminary questionnaire was pretested on a pilot set of respondent managers for comprehension, logic and relevance. This was done to the 10 identified respondents and it was really instrumental in enhancing the data collection instruments.

3.8.2 Reliability test

Reliability is the consistency of a set of measurement items while validity indicates that the instrument is testing what it should test. Reliability is the consistency of your measurement or the degree to which an instrument measures the same way each time it is administered under the same set of conditions. A measure is considered reliable if a person's score on the same test given twice is similar. It doesn't imply validity. The researcher used cronbach alpha to measure internal consistency of the research instruments. As advised by Sekran (2003), coefficients which are less than 0.6 are considered poor, coefficients greater than 0.6 but less than 0.8 are considered acceptable and those coefficients greater than 0.8 are considered good. The recommended value of

0.7 was used as a cut off for reliabilities. The alpha measures internal consistencies by establishing if certain items measure the same construct. Table 3.3 below shows that firm performance had the highest reliability of α = 0.829. The other items had the scores as shown in the table.

Table 3.3: Reliability of coefficients

Scale	Cronbach's alpha	Number of items
Performance measurement	0.829	10
Focused differentiation strategy	0.757	10
Hybrid differentiation strategy	0.721	4
Globalization strategy	0.711	9
Transnational strategy	0.739	9
Strategic risk management	0.689	13
Corporate leadership	0.634	10

The average Cronbach Alpha reliability coefficient was 0.726 which is acceptable. This indicates that the research instruments used were generally a reliable measure.

3.9 Data Analysis and Presentation

The collected data was first edited, classified according to the research study objectives coded into relevant labels for easy analysis and thereafter the interpretation. A further presentation of the findings was done in form of graphs and charts for better understanding. The analysis was done both qualitatively and quantitatively.

3.9.1 Qualitative Analysis

To facilitate the qualitative data content analysis technique was used. Warne *et al.* (2012) argued that content analysis is used for making replicable and valid inferences from data according to their context. Content analysis can be used to establish the presence of certain words, concepts, themes, characters or sentences within sets of texts (Cooper & Schindler, 2010). The interview guide was also analyzed through content analysis techniques for qualitative information.

3.9.2 Quantitative Analysis

The researcher first calculated the respondent's response rate based on the questionnaires using descriptive statistics. Multiple linear regression and analysis of variance was used to determine the type of relationship that exists between the dependent and independent variables. SPSS statistical software version 20.0 was used to do the analysis (Warne *et al.*, 2012). Internal consistency of data obtained was determined from scores obtained and scores obtained in one item was correlated with scores obtained from items in the instrument. Woodridge (2011), provides models which are used for testing hypothesis.

To test the hypothesis in this study, the researcher regressed each dependent variable against the dependent variable using the multiple linear regression model. The model that was used is given as follows:

$$Y= \beta_o+\beta_1X_1+ \beta_2X_2 + \beta_3X_3 + \mathcal{E}$$

Where:

Y = Dependent variable (firm performance)

β_o = Constant factor or intercept which is the value of the dependent variable when all the independent variables are equal to zero

β_1X_1 = Regression coefficient of competitive advantage strategies of firm X

β_2X_2 = Regression coefficient of corporate leadership practices of firm X

β_3X_3 = Regression coefficient of global business strategies of firm X

$\mathcal{E}$ = Stochastic term e that will take care of random error

The interview guide was analyzed through content analysis techniques for qualitative information especially on testing the intervening variable. Presentation of results, findings and interpretations were done in form of tables, graphs, pie charts, percentages among others. Profitability was regressed against six variables that affect firm performance.

3.9.3 Variable Definition and Measurements

This study used Likert's type scale for it to assess the degree of influence of strategic management determinants on firm performance. An aggressive measure of strategic determinants of firm performance, competitive advantage strategies, corporate leadership practices and global business strategy will be obtained. The mean score measures from various sets of constructs were obtained and operationalizing these variables was computed by use of SPSS version 20.0 using various statistical tools. The Likert's assessment scales used five point interval scale on the questionnaire. Patton (2002) posits that Likert scale is easy to use in respondent centered and stimulus centered responses.

Table 3.4: Study Variables

Variable definition	Measurement
Differentiation strategies i. Focused Differentiation ii. Hybrid strategy	Overall on scale of use of 1-5 where 1 is the highest extent of use of strategic competitive strategies and Content analysis
Global business strategy i. Globalization ii. Transnational strategy	Overall on scale of use of 1-5 where 1 is the highest extent of use of strategic competitive strategies
Strategic alliances i. Strategic surveillance ii. Corporate leadership strategy	Overall on scale of use of 1-5 where 1 is the highest extent of use of strategic competitive strategies and content analysis.
Firm performance i. Profits ii. Firm growth	Should be positive and increasing Should be positive and increasing

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter provides empirical findings and results of the testing of variables using techniques identified in chapter three. Specifically the findings are presented covering each objective in order to answer the research questions and hypothesis.

4.2 Data Analysis

4.2.1 Response Rate

The researcher administered 223 questionnaires. 131 of them were filled and returned which represents 58.74% response rate. This response rate is considered satisfactory to make conclusions for the study. Mugenda and Mugenda (2003) observed that a 50% response rate is adequate, 60% response rate is good while above 70% is rated very good. This also collaborates with Bailey (2000) assertion that a response rate of 50% is adequate for any given study. This therefore implies that a response rate of 58.74% is more than adequate for this research. This response rate can be attributed to the nature of data collection instrument that provided likerts scale to most questions and where discussion was needed, the questions were structured in a simple manner.

4.2.2. Reliability Statistics.

Reliability is a measure of the degree to which research instruments yields consistence results or data after repeated trials. It decreases random error. It can be seen from two sides: reliability (extent of accuracy) and unreliability (extent of inaccuracy). The most common reliability coefficient is the cronbach alpha which estimates internal consistency by determining how all items on a test relate to all other items and to the total test and coherence of data. It’s expressed as a coefficient between 0 and 1.00. The higher the α (alpha coefficient), the higher the reliability. In this study, to ensure the reliability of the research instrument, the researcher used cronbach alpha to test the consistency. The findings indicated that the average score of reliability is 0.726. This therefore implies high and acceptable internal consistency.

Table 4.1: Reliability of coefficients

Scale	Number of items	Cronbach's alpha
Performance measurement	10	0.829
Focused differentiation strategy	10	0.757
Hybrid differentiation strategy	4	0.721
Globalization strategy	9	0.711
Transnational strategy	9	0.739
Strategic surveillance	13	0.689
Corporate leadership	10	0.634

4.2.3 Demographic Data

Social demographic factors evaluated in this study included the respondent's age, level of education, the main department, length of service, and profession. This was to obtain general information regarding the respondents which would probably show decision making and levels of risk taking.

a) Distribution of Respondents by Age

Overall results show that the majority of the respondents were aged between 30 and 50. These are middle ages and their ability to take risk was seen to be higher in respondents below 40. The least ages were those below 30 with a percentage score of 6.11%. This was attributed to the level of decisions expected to be made in the industry. The industry is full of risks and therefore a lot of care and experience is required in making of appropriate decisions. Again for a simple reason that the companies sampled were must have existed for more than five years to show some trend in performance. There is however no significance attributed to age and strategic performance of the companies under review. The results in table 4.2 below shows respondents' distribution based on the age

Table 4.2: Age of Respondents

Age Bracket	Number of Respondents	Percentage
0 – 29	08	6.11%
30 – 39	48	36.64%
40 – 49	50	38.17%
50 and above	25	19.08%
TOTAL	**131**	**100%**

b) Distribution by Education Level

As indicated study results shows that overall most managers in the industry are fairly learned with 51.9% of them having a bachelor's degree. Two percent of the respondents have a masters degree. Also, 30.53% of the total respondents had a diploma while only 15.27% of the respondents have a certificate in their area of study. None of the respondents interviewed had a PHD. Table 4.3 below shows education level of the respondents.

Table 4.3: Respondents Level of Education

Education level	Number of Respondents	Percentage
Certificate	20	15.27%
Diploma	40	30.53%
Bachelors Degree	68	51.9%
Masters Degree	3	2.29%
TOTAL	**131**	**100%**

c) Distribution of Respondents by Department

Most organizations interviewed reported that they had several departments ranging from human resource department, Finance and accounts, Administration, marketing and operations departments. One company reported that they have commercials department. 41 companies were sampled in the sampling frame of this study. All these companies have a human resource and finance department. Ninety four point eleven percent (94.11%) of these companies have marketing and operations department. Also, 1.17% of the companies had a department called commercials. One company also reported to be having all the selected departments for the study comprising 1.17% of the total respondents. Of the 41 companies only one company that had internal audit section or in other words, only three percent of the respondents indicated that they have an internal audit department.

d) Distribution of Respondents by Length of Service

Most of the respondents interviewed indicated that they had served in the organization for time adequate enough to understand the general operations of the firm and the industry at large. Surprisingly, 41.67% of the respondents indicated that they had served for five years. Then 16.67% of the respondents indicated that they have been in that company between 11-15 years while 25% of the respondents had served in the firm for 6-10 years. Only 16.67% of the respondents had stayed in their current employment for over 16years. Also, it is interesting to note that majority of the managers were youthful as 66.67% have served in their organizations and all fell below 40 years of age. Interestingly, no respondents had stayed in the organization for more than 20 years. On seeking more information from the respondents through interviews, many respondents indicated that once one attains a minimum retirement age, they seek voluntary retirement and form their own companies. That explains why there are many clearing and forwarding companies along the ports. Also they said that several leave formal employment upon getting relevant experience and networks to run their own firms which eventually do well.

4.2.4 Main activities in shipping industry

The main activities identified by the respondents are facilitating taxation of goods, clearing of goods, verification of goods, and importation of goods and charging tonnage. Most goods handled by most companies represented by the respondents handle motor vehicles, machinery, containers, and assorted cargo among others. Several companies also offer maritime transport, container logistics, cargo forwarding, and transportation of goods via sea, road, air and rail. Also some companies represent ship owners and facilitate export of ships and export trade. Import and export documentation is a common activity, marketing and ship husbandry. Most companies manage shipping clients, monitor container movement in the system, liaison with other partners that are in the same time schedule. Others do container deposition claims and refund management, and documenting all export and import procedures. These activities can be summarized in a table as follows.

Table 4.4: Main Activities in shipping industry

Activity	Number of respondents	Percentage
Facilitating taxation of goods	122	93.13
Clearing of goods	72	54.95
Verification of goods	107	81.68
Importation of goods	53	40.45
Charging tonnage	33	25.19
Maritime transport	20	15.27
Container logistics	79	60.31
Cargo forwarding	60	45.80
Transportation of goods via sea, road, air and rail	103	78.63
Represent ship owners	6	4.58
Facilitate export of ships and export trade.	33	25.19
Import and export documentation	120	91.60
Marketing and shipping husbandry	20	15.27
Managing shipping clients	105	80.15
Monitor container movement in the system	105	80.15
Liaison with partners	16	12.21

The findings reveal that 93.13% of the respondents feel that their companies facilitate taxation of goods that they handle at their business premise. Also 91.60% of the respondents ascertain that import and export documentation is a major activity. Only 4.58% of the respondents represent the ship owners. Other common activities are shown in the table above.

4.3 Study Variables

The study comprised of several independent and one dependent variable for the research objectives. These are focused differentiation, hybrid strategy, transnational strategy, globalization, strategic surveillance and corporate leadership.

4.3.1 Differentiation Strategy

The researcher sought to find out the different strategies shipping companies are applying in their companies with the view to find out how unique their products are. Differentiation strategy calls for development of a product or service that offers unique attributes that are valued by the customers and that customers perceives to be better than or different from the products of the competitor. It is an approach under which a firm aims to develop and market unique products for different customer segments. Differentiation strategy is an integrated set of action designed to produce or deliver goods or services that customers perceive as being different in ways that are important to them. It calls for one to sell non standardized products to customers with unique needs. The differentiation approaches being examined by the researcher are focused and hybrid.

a) Focused differentiation strategy

Focused differentiation strategy combines elements of two of the three generic business strategies identified by Porter 2009, which he said apply to companies in all markets and industries are cost leadership, differentiation and focus. A focused differentiation strategy means targeting a small group of customers with differentiated products. At the heart of a focused strategy is the ability to generate strong customer loyalty by tailoring your business to the needs of a small group. When one provides products with attributes most valued by this niche market segment, you establish a reputation of quality, service and excellence based on the needs of that group. This is in line with the findings whereby the researcher established that 40% of the companies regularly introducing new products to a small market segment. Another 40% of the companies interviewed by the researcher said that they focused on specific niche or segment in the market. This was prevalent in shipping companies. Only 20% of the respondents indicated that they failed to place their products and services in specific niches. All these findings are in tandem with what porter (2003) had established of companies who concentrate on small market segments do exemplarily well. Porter found out that when companies target their market segments and devote resources to them, they did quite well and succeeded in all they did.

Also, the respondents added that when one succeeds in providing products and services with a strong reputation to a niche market, one can charge premium prices, resulting in high profit margins for your business. Producing or acquiring products that are bigger and better than the competition often means a higher cost basis. However, customers are usually willing to pay prices that more than cover the added costs because of the extra value they perceive with your brand and products. This thus guarantees limited competition. This according to the respondents explains why shipping lines are quite minimal hence enabling high profit margins. Inherent in a successful focused differentiation strategy is the ability to serve the needs of a specific customer group better than competitors that go after a broader market. Once a company is entrenched as a leader in providing to a niche market, you cause other competitors to look elsewhere for other niche markets or to the broader market. A successful case in point is mearsk sea line shipping company. Further the respondents added that because of the emphasis on meetings needs of a more narrow segment, focused differentiators can more quickly adapt to changing product demands and expectations (Ansoff & Donnell,1994). Customer focus groups, customer interaction and other research tools are used to find out what customers like and don't like about current products. It is much easier for a focused company to address small-market needs efficiently than for a company targeting a larger market to learn and react to needs of each customer segment (Porter, 2004).

b) Hybrid strategy

The postulate of the incompatibility of cost and differentiation advantages is considered disproved from a current viewpoint (Ansoff & Donnell, 1994). Thanks to modern production technologies and organizational structures, it is now possible to achieve both high quality and productivity at the same time. More importantly, pursuing singular generic strategies is considered to be no longer sufficient in today’s competitive environment. Increased competition and cost pressures as side effects of globalization as well as changing customer expectations require companies to adopt a multidimensional strategic approach (Ansoff & Donnell, 1994). These days, most customers expect to get everything at once: differentiated, high-quality products combined with excellent service at a low price. Hybrid strategies that integrate cost and differentiation advantages represent a way for companies to respond to these changes in the competitive environment more flexibly and effectively and stay competitive (Piller & Schoder, 1999).

Gilbert and Strebel, (1987) said that first concentrate on one of the two strategic options, and then the other. For instance, Zajac and Bazerman, (1991) said that an innovative company may first undergo a phase of differentiation in which it markets a new product that offers high value to customers and can be sold at a premium price. Next it needs to push back any competitors that will inevitably appear on the scene by making a strategic shift to gaining cost leadership. Through product and process standardization, the innovative company lowers the prices enabling it to sustain its competitive advantage. With the development of new products, the cycle repeats.

Also Zajac and Bazerman (1991) said that the other form of hybrid is simultaneous strategies that aim to generate cost and differentiation advantages at the same time. One way to achieve that is mass customization that is by producing customized products at a price similar to those of mass-produced products. Customization is often achieved through design or mixing-and-matching of components. Some key success factors for the implementation of hybrid strategies are innovative strength, close orientation towards customer needs, and organizational learning. In addition, just like generic strategies, hybrid strategies require companies to make consistent strategic decisions how to pursue competitive advantages and align resources and capabilities accordingly. Otherwise, they may indeed fall into the “stuck in the middle” trap

This strategy describes how a company pursues competitive advantage across its chosen market scope. It integrates cost and differentiation advantages. Companies that implement both strategies are better prepared to adapt to environmental changes to learn new skills and adopt new technologies. When a company implements a hybrid strategy creates more sources of competitive advantages than those created with a single competitive strategy. The researcher found out that emerging new internet capabilities and application have to a large extent affected the companies. Another 54.96% of the respondents show hybrid strategy with internet affects business performance to a large extent while 38.17% of the respondents indicated that emerging new internet capabilities and applications affect their business performance. Only 6.8% of the respondents indicated that these new trends affect their performance. A whole 54.96% of the respondents indicated that containerization technology has adopted by their companies to a large effect. In addition, 32.06% of the respondents indicated that their companies have adopted the containerization technology to some extent while 12.98% of the respondents said that the companies have adopted containerization technology to a very large extent. Shipping is virtually global operation hence global market operation is a key attribute of enhancing hybrid strategy. A total of 43.51% of the respondents indicated that companies that easily adopt global market innovation do better than others to some extent; another 38.17% of the respondents indicated that to a great extent, companies that adopt global market innovation do better than others and venture into new markets.

A total of 18.32% of the respondents indicated that to some little extent global market innovations affect operations of the shipping industry. Another key variable tested in hybrid strategy is shift from using conventional ships to purpose built ships. This variable generated different views as analyzed by the researcher. Also, 43.51% of the respondents indicated that to some extent purpose built ships have affected conventional ships. This requires the companies to adapt to purpose built ships. Forty eight percent of the respondents indicated that to a large extent the shape of a ship affects the performance of shipping companies. Only 4.5% of the respondents indicated that to a small extent; shape affects their performance. Additional information from the Cargo consolidations was sought through interviews to establish why shape is important. Also shipping agencies indicated that by 3.8% purpose built ships affect business performance to a very large extent.

Growing clients' preference of differentiated products and services is an important factor that can make hybrid strategy better. Only 63% respondents responded to this question with 79.37% of them indicating that there is a growing need for differentiated products and services to a large extent. Also, 19.05% of the respondents indicated that to a small extent customer's demand differentiated products. Through interview, the researchers sought more information regarding this scenario and established that customers largely want efficiency and effectiveness. Most companies in the maritime operations require scheduled ships that they can entrust with their businesses. For the Cargo consolidations, there is efficiency derives their customer demands. By the virtue of shipping operations being global several respondents said regulatory influence of international maritime organization and United Nations affects their operations by 42.75% to a small extent. Another 44.27% of the respondents said to a large extent, regulation of IMO and United Nation affects the shipping industry 17.55% of the respondents were differentiated. When the interviewer interviewed respondents on how companies describe their competitive advantage several answers were obtained some of them revolved around innovation, uniqueness, quality and value.

The researcher wanted to find out other variables that affect competitive advantage of a company and the respondents identifies several of them. Key to the companies as far as the respondents are concerned is location. Many companies choose their current location (place strategy) based on the activities they do. Along the Indian Ocean and Kenya ports authority most of the activities identified earlier thrive. This information was clearly confirmed by Kenya maritime authority where a list of companies operating in the shipping industry was obtained. This confirmed the view that a company's location is important while addressing competitive advantage. Ninety two percent of the companies showed that their head offices are in Mombasa with 5.34% of the companies have their head office in Nairobi and only 3.05% of shipping companies have their head office in Kisumu and other towns.

Also, well-tailored services for a variety of ships are a factor that was identified by 35.88% of the interviewed companies. This is close to differentiation. Only those firms that are well differentiated satisfy their customer requirements. Pricing is a factor identified by over 67.94% of the respondents. This was identified through interviews. Seeking well established companies and network with them is a common factor identified by 77.86% of the respondents. This is particularly important because of the risks involved in the business. Networks that are reliable enhance business success. Networking is a socioeconomic business activity by which businesspeople and entrepreneurs meet to form business relationships and to recognize, create, or act upon business opportunities, share information and seek potential partners for ventures.

Three percent of the cargo consolidators and agencies indicated that success of their business depends on marketing and pricing. This is important consideration for them because they are agents of a main company somewhere hence marketing and pricing are important varieties that place their companies above others. Other factors correctly obtained through interview were creating specific niche of cheap. Establishing a wide range of charitable base and quality customer service. All these factors affect business directly and each company should strategize on building its own competitive advantage.

4.3.2 Global Business strategy

Global Business Strategy as defined by Ansoff and Donnell (1994) are the business strategies engaged by the businesses, companies or firms operating in a global business environment and serving consumers throughout the world. Global business strategies are closely related to the business developing strategies adopted by businesses to meet their short and long term objectives. Then Porter (1980) said that short term goals of the business would be related to improving the day-to-day operations of the company while the long term objectives are generally targeted towards increment of the profits, sales and earnings of the company in the long run ensuring growth and stability of the business and dominance over the national or regional market. Global business strategies have emerged as a result of globalization and internationalization of established domestic companies which is purported to increase the value of the company in question. Increasing pressure of globalization and the rising global competition have prompted managers and academicians to rethink the formulation of global business strategy. As previously mentioned Porter (1980) global business strategies rests on two pillars of standardization and adaptation. Standardization of production by firms who engage in global business entails producing the same product for the national as well as the international markets with only minor changes in attributes.

a) Transnational strategy:

One scholar Venkatramen (1988) said that a transnational business strategy combines global configuration and coordination of business activities with local responsiveness and continued organizational learning. This means a business can be split into several components around the globe, each component having control of one piece of the production. Furthermore, Parnell and Lester (2003), argues that a transnational strategy introduces a company to global business markets, helps them participate in major world markets and introduces value-added competencies that use national similarities and differences as benefits. This integrated global business activity is done under one differentiated organizational structure. A transnational business strategy utilizes global markets to create special business accommodations for local and regional markets. Shipping companies are operating in a global market. All the respondents indicated that they deal with many countries all over the world.

Some of the countries mentioned by majority of the respondents are Rwanda, Democratic republic of Congo , Tanzania , Uganda ,Japan , Southern Sudan , Dubai , Duna, France, Usa, United Kingdom, Parkistan, Thailand, Iran, South Africa Malaysia and German. Company's exempts abroad in different ways: some do the ways identified by most respondents are: Provision of quality services, Security goods and using integrated marketing strategies, Developing coalitions in business, Dealing with different clients and Opening branches in countries that don't have strict government regulations, where there is huge potential of business with more container movement and also in countries along their service lines. Other respondents indicated that their network with other shipping lines and advertising their services widely. Others network globally and use modern internet technologies.

Other respondents indicated that their partner with other shipping lines in places where they are not visible to serve certain identified needs. In summary there is no one shipping company that can operate on its own. The respondents were clear on this and hinted that one can close shop if they do expand, operate and network globally. Integrated marketing strategies are key to the success of these companies.

b) Globalization strategy

Globalization is defined Parnell and Lester (2003) as the process of international integration arising from the interchange of world views, products, ideas and other aspects of culture. Advances in transportation, such as the steam locomotive, steamship, jet engine, container ships, and in telecommunications infrastructure, including the rise of the telegraph and its modern offspring, the Internet, and mobile phones, have been major factors in globalization, generating further interdependence of economic and cultural activities. A sound global strategy should address these questions. What must be (Verses what is) the extent of market presence in the world's major markets (Siciliano, 2007). It is an organization's strategic guide to pursuing various geographic markets. The world is not flat. It is bumpy and no one can see what is ahead or in another part of the world. For purposes of this study, the researcher sought to understand how coordination of various activities in one part of the world could strategically position a company operating in shipping. In are three part of the world to the specific issues addressed are those that directly affect shipping operations (Siciliano, 2007).

One key activity that is common is shipping is Ship tramping. This is the situation where shipping company leaks of specific schedule and can merely trade in all parts of the world in search for cargo. Such cargo may include coal, grain, sugar, ores and fertilizer. They vary considerably in size and sometimes are of less quality than the ship liners. Tramp ships are sent where the most paying freight are available (Beyer, Chattopadhyay, & George, 1997). Therefore, tramping is very unstable and it's little organized. Tramp ships are in accordance with the demand, contractually put at the disposal of the Charterers, to carry one or more voyages a quantity of goods between named harbors to carry a number of transport consignments in a certain period of time. In all its broadest sense of the world, tramp shipping is the activity that is done with ships in voyage charter. Hundred percent of respondents from shipping lines indicated that they do not prefer using tramp ships because they can pause a great challenge of reliability. Ninety one percent of cargo consolidators can use tramp ships as indicated by 91% of the respondents who indicated average in their choice of vessel.

Shipping agencies relies heavily on shipping firms that their timing can be explained. Sixty seven percent of them said that timing affects their global presence to a very large extent while 13% of the respondents indicated average in terms of the agencies choice of the companies to use. Only 20% said to a large extent, ship tramps can be unreliable.

The researcher also sorts to find out how shipment affects their performance. Shipment is a cargo transported under the terms of a single bill of lading or air waybill irrespective of the quantity or number of containers, packages or pieces. Many of them are consolidation who does not own any vessel of the shipping agencies interviewed 92.37% indicated that to a large extent, they do not own their own vessels yet they are in that business. Success of their businesses largely depends how they coordinate their business operations. Eighty three percent of the respondents indicated that to some large extent, shipment will always be there. Upon further in query, it was noted that most firms in the industry actually do not own any ship.

The issue of piracy against mechanic vessels possess a significant threat to world shipping successfully addressing this threat, is a complex challenge for both governments and business as well (world shipping council). Piracy is perhaps is one of the biggest concerns for the freight industry, second to the fluctuations in crude oil prices. Liners have implemented many ways of protecting their vessels from pirates, from water cannons to armed guards onboard. All stakeholders are working closely to monitor the ongoing piracy oasis in the Indian Ocean and to reduce the risk that commercial vessels transiting the affected region. Hundred percent of the respondents indicated that piracy is a major threat to their businesses.

Another very important issue is Ship chandling. Ship chandler is a retail dealer who specializes in supplies or equipment for ships stores. A ship chandler exclusively deals in supplying for shipping vessels required equipments. It is considered a rough and tough trade unlike cargo handling activities in the port areas. They are perfectly above all. Apart from a complete alignment of common interests and sharing of basic corporate culture and governance between strategies partners, the respondents indicated that high levels of services and salivations are requires of strategic partners. Ninety five percent of respondents indicated that there is a small extent of ship chandelling that can affect their performance.

Also Ship broking is important. This is a financial service which forms part of the global shipping industry. Ship brokers are specialist intermediaries' negotiators between ship owners and charterers who use ships to transport cargo or between buyers and sellers of vessels. Seventy five percent of the respondents said to a large extent ship broking are important.

In addition, the researcher also established that globalization of markets affects time frame goods takes to be delivered through transshipment of vessels. It has led to the increase of globalized markets in the shipping industry. It has enhanced expansion of markets as indicated by 89.12% of the respondents globalized markets has led to the substantial reduction in international transport costs hence the rise of the shipping trade. It has assisted in logistical challenges as stated by 92.5% of the respondents thus enabling existence or more companies in the industry in the long run creating more jobs and enhancing competition in the industry. Some respondents indicated that globalization of markets eradicates some small shipping companies and increases ease of doing business. It has created stiff competition and extremely high demands for speed and volumes of delivery. Other respondents indicated that this has improved economies of scale and speed. More companies have ventured into the industry thus enhancing service delivery. Demands for speed are high. This was identified by majority of the respondents. It has resulted into mergers and acquisitions, low profit margins, lower shipment rate and quick cargo delivery.

4.3.3. Strategic Business Process

This is a systematic, structured approach to improving business processes, typically interactions between people and machines. Goals include improved efficiently, effectiveness, productivity and agility to foster innovative, boast quality, speed up delivery and improve customer satisfaction. It is a massive business undertaking. According to Agarwal and Ergun (2008), the shipping industry is made of three main divisions: industrial shipping, tramp shipping and liner shipping. Industrial shipping refers to the case where the shipper owns the ship and aims to minimize shipping cost. In tramp shipping activities, the carrier engage in contracts with the shippers to carry cargo bulk between specific points at specific time frame. Liner shipping is the case where the carrier decides on a set of trips, make schedule available to shippers and operates it. Liner shipping is mostly containerized. For Sui and Lam (2011), the invention of containers in 1960s has dramatically changed the shipping business. They believed that containerization has fragmented the shipping operations and now network integration and more controls are needed. This paper focused on liner shipping and activities involving shipping lines.

The researcher wanted to establish the extent to which some elements of performance. When the respondents were required to state the extent to which types of ship available affects their business performance, different results were given. This includes any type of classification of ship ever used in human history. A clear 93.89% of the respondents said that type of ship to a large extent affects their business performance. Then 4.58% of the respondents indicated that to some extent, the shape of ship affect businesses. Also 1.53% of the respondents indicated that type of a ship affects their performance. This is in line with the view of maritime industrial workers who said that working in the shipping sector or have a general interest in sailing, it's important to note them because each type of ship has its own safety regulations and requirements.

a) Size of the ship

World's most popular ships are listed according to their overall tonnage. Cargo ships or vessels come in different types and sizes to meet the various demands of marine cargo transportation. Cargo ships are categorized partly by capacity and partly by dimensions. Though the size consists of multitude of terms and definitions specifically related to ships when the respondents were asked to indicate how size of ship affects business performance vision. Respondents were obtained. All the shipping lines and companies said that size of ship affects their business to a very large extent by 38.46% while 46.15% of them indicated the effect to a large extent. The other respondents indicated this effect at some extent. This further powered the need to undue fraud the nature of businesses affected by this element and noted that cargo consolidation are the ones that were indifferent and shipping agencies were affected to a small extent. Size of ship directly affects the type and size of cargo one needs to transport.

b) Sea Route;

Sea route are officially defined by legislation. Each route specifically shows where example, Kenyan sea route connects major sea ports along the Indian Ocean to the port of Mombasa. Sea route planning becomes paramount business performance. Fifty nine percent of the respondents indicated that sea route affects their business to a large extent while 41.22% indicated that their business is influenced by the sea route to a very large extent. This is so because most of these companies do not own ship hence the choice of where to source their goods is determined by the sea route.

c) Market of the Cargo

This is the intended destination of the consignment. A total of 58.78% of the respondents indicated to a large extent that market of the cargo affects their business performance. This is both from the source and the intended buyer. Thirty three percent of the respondents indicated that to a very large extent affects their business performance while only 8.4% indicated average on both.

d) Type of Cargo

Most of the respondents interviewed indicated that type of cargo being transported doesn’t influence so much. With 77.86% of the respondents indicating mixed feeling, about type of cargo. Upon interview many respondents said the cargo they are transporting always fits in one available ship. Their decision is to decide who does transports for them. Only one respondent of the 131 fitted questions said to a very large extent does type of cargo influence their business performance. In fact, this proved to be a shipping company that owns a ship.

e) Trends of Containerization

Containerizations of commodities is as old as human kind. Majority of the containers in the world is manufactured by two companies. All respondents indicated that containers are changing overtime and this affects their business. Some adding that the shape of their commodities is determined by the ship size.

f) Strategic Surveillance

This mode of controls allows a business man to monitor multiple sources of business threats. It's designed to observe a range of events within and outside the organization that are likely to affect the track of your organization strategy. It's based on the idea that you can uncover important yet sophisticated unanticipated information by monitoring multiple information sources. The respondents indicated various issues that need strategic surveillance in the shipping industry.

Table 4.5: Variables in strategic surveillance

Variable	Number of Respondents	Percentage of Respondents
Security of goods on sea transit	78	59.54
Charges laid to the clients	84	64.89
Loose cargo packaging and management	45	34.35
Levy charges	50	38.17
Security of their documents	56	42.75
Emerging new technologies	12	9.16
Increased global demand	33	25.19
International politics	33	25.19
Changing international economy	21	16.03
Government Policies, international law	50	38.17
Global shipping rates	35	26.72
Business operating environment	4	3.05
Global Commodity prices	75	57.25
Sophisticated customer requirements	50	38.17

4.3.4 Global strategic alliances

A strategic alliances is an agreement between two or more partners to pursue a set of agreed upon objectives needed while remaining independent organizations. This form of cooperation lies between mergers and acquisitions and organic growth. It's an arrangement between two or more companies that have decided to share resources to undertake a specific mutually beneficial project. It is less permanent than joint venture in which two or more companies, typically pool resources to create a separate business entity. The respondents indicated the following reasons as to why firms in shipping industry enter into alliances.

a) Market Development

Broadly this involves the expansion of the total market for a product or company by entering new segments of the market, converting nonusers into users, and/or increasing usage per user. The respondents identified key issues that surround market development in shipping industry. They involve: Shift to other geographic location. Increased profits, Improved Operational Management, Increased Market share, reduced freight charges and Economies of scale to avoid wasteful competition. Since this question involved ranking, rank order correction coefficient can be used to show relationships.

The common objective that companies pursue in an alliance includes: Minimizing levy on goods, To develop integrated strategies to win the markets, Minimizing on taxation, Increase on market share, To increase business visibility in the market, To reduce costs of transportation of goods, Improve operations managements and enhance profits, To develop new markets in new countries, For technical operational and technological cooperation and to reduce operations costs.

b) Stage of Entry into an Alliance

The respondents also indicated that strategic alliances work best at the growth stage. This was said by 59.54% at the total international firms interviewed. They argued that this stage draws various interests for advancement thus the time for trapping the fruits of alliances. Others said that at growth stage, the company will have understood each partner's needs, weaknesses and strengths. Still more respondents said that during growth, the company will have understand the intentions of the other. Each partner will also have understood the clear picture of their goods and services. Also, they indicated that at growth, due to increased customer base, maximized global presence or strengthened management. One might understand fully why alliances might be needed.

Outputs and strategies developed at the incept of the alliance will be observed at this stage (Buss & Kuyvenhofen, 2011). Each partner can quantify what they are bringing into the alliance. Also growth stage is important because they can all capture and utilize emerging opportunities. And inputs of each partner can be realized. At this stage, all the teething problems will have been realized by the partner and streamlined if not fully eradicated. Also respondent of the 41 companies who responded to this question said that alliances should be done at entry. The argument for this was because they all the partners start at an equal level. For strategic alliances to work, key issues were identified where each partner needs to commit themselves (Buss & Kuyvenhofen, 2011). In order to priority they are as follows: Transparency, Commitment to grow profits margin share, Have a guiding framework, openness and disclosure of information, Mutual dependence on common routes and Fuel capacity utilization.

Often, strategic alliances fail because of lack of transparency and trust (Buss & Kuyvenhofen, 2011). The respondents indicated that there is need for each partner to reduce stress levels of the other. This can largely be done or sharing information which often than not, doesn't happen. In the shipping industry where both partners do not share information, they are prone to problems.

4.3.5 Firm Performance

This is the process of collecting, analyzing and or reporting information regarding the performance of an individual, group, organization system or component (Buss & Kuyvenhofen, 2011). Different respondents identified several indicators of success in their organizations. The most commonly mentioned were: High sales as these show there is demand for services due to increased customer base, product development, motivated employees, services delivery and income, cost efficiency, expansion of business and increased market share. Volumes of cargo lifting, space utilization and revenues generation.

Particularly to the shipping industry, the respondents said that being successful means being able to meet your customer requirements satisfactorily, faster and at minimal costs. Also since the shipping industry thrives on information, the ability of a company to get first-hand information or control the type of information that gets viral in the industry makes it to command the largest market share against competition shows success. Therefore according to the respondents, the surest way of proving success is making of sustained, real profits. This is because all through the company's ability to remain in the business depends on the level profitability and growth. Performance of a business is a key task of the executive management at the corporate levels. The respondents gave various responses majority obtained through internets. Some said corporate managers should make sure that objectives are achieved to the cope rations level. They argued that they cannot do everything on their own hence should motivate others to do their part.

Other respondents 49.75% indicated that they should do all and ensure clients needs are met. A number of the respondents argued that cooperate managers should employ qualified human resource who are hardworking and honest. They should also develop structures for monitoring the objectives of the organization versus the output of employees. The respondents' services said that the organization should use performance management tools like contracts and appraisals and output monitoring systems. A number of respondents 35.11% also said that they can adapt products and market and employ customer solutions and satisfactions research monitoring and performance evaluation

Some respondents argued that maintaining high standards of work, compliances with company policies and government statutory requirements at all times. The potential s for shipping companies being successful in future is huge. This is possible according to the respondents where companies inert in research and development. This was stated by more than 90% of the respondents. Other said that improvement in the current infrastructure such as port expansion, better road network, railways and airports systems promises the industry great future. Large scale partnerships being encouraged with incentives and use of modern technologies also can reduce taxation on goods and reduce freight charges. Also some indicated that there is increasing demand for finished products in emerging markets.

Also firms indicated that business firms and regulating bodies work hard in hand. Majority of the respondents said that the regulating agencies often charge levies without involving stakeholders and thus affects them. A number of respondents also said that the companies can only comply with the set regulations because the policies govern their business and enhance a conducive business environment. Global container shipping has been an important industry, serving as the lifeblood to connect businesses and trade around the world, but the operating environment is varying from time to time (Collier, Fishwick and Floyd, 2004). Container shipping companies should react immediately in response to the fast changing market in order to maintain their competitiveness all the time. International container shipping has played an important role in the economic development of companies around the world containerization international (2006). Since they are one of the important industries in Taiwan, it is necessary to review their performance periodically, with the purpose not only to understand the current status, but also the potential capability in the future.

Financial performance has long been regarded as the core of a company, especially by top management level, but this traditional performance evaluation method usually looks backward into the past and almost measure physical assets only as financial ratio, some important messages might be hidden. Since the resources and values creation may come from every parts of a company, there is a need to measure non-financial assets on an intellectual capital basis, which is developed to supplement the evaluation of future development potential and competitiveness of a company. Intellectual capital is used to measure and describe non-financial assets that are not reported or described in traditional financial statements (Collier, Fishwick & Floyd, 2004). The term combines the idea of the intellect or brain-power with the economic concept of capital, the saving of entitled benefits. It includes the skills and knowledge which deems critical to a company's continued success (Amit & Schoe maker, 1993; Barney, 1991). Intellectual resources are becoming increasingly important to companies as drivers of their competitive advantage (Lev, 2001). Although intellectual capital has been widely applied in many industries, such as high technology, manufacturing and banking etc., the application in the container shipping industry has not been found.

4.3.1 Profitability

On profitability, most respondents said that profits are stable, steady and growing. However, in the environment where the currencies are weakening against the dollars, and clients demanding much lower freight levels, profits fluctuate. Decline in global container shipping freight rates is anticipated to have been as great as 9% last year and Drewry is forecasting that carrier unit revenues will decline further in 2016, albeit at a slightly slower pace. Excluding 2009, the past 12 months has seen the lowest spot rates in most major trade lanes and all at the same time. This is not solely due to fundamental supply/demand imbalances caused by weak volumes and over supply. Many stakeholders point to the fact that bunker prices of for example $140 per tonne in Rotterdam (IFO380) are clearly contributing to lower overall container freight rates, but Drewry believes that a new and worrying trend has become apparent for ocean carriers.

Our most recent data suggests that they are no longer able to cut costs faster than the prevailing declines seen in the freight rate market. Drewry believes that oil prices have probably hit the market bottom right now and costs for the positioning of empty containers and vessel lay ups will increase this year. Our latest calculation is that a 10,000 the vessel would incur a minimum of $450,000 in reactivation costs if laid up in Asia for three months or more. It should also not be forgotten that many lines no longer even quote a BAF on some trade lanes. The consequence of this is that Drewry expects industry losses to widen to over $5bn in 2016.

4.3.2 Market share

Market companies, said that they are flexible in handling various clients both in public and private section. On average most companies interviewed have on average 11% global presence. Some that are targeting local market have good relations commendable market share and comfortable. Market share is the percentage of a market (defined in terms of either units or revenue) accounted for by a specific entity. "Marketers need to be able to translate and incorporate sales targets into market share because this will demonstrate whether forecasts are to be attained by growing with the market or by capturing share from competitors. The latter will almost always be more difficult to achieve. Market share is closely monitored for signs of change in the competitive landscape, and it frequently drives strategic or tactical action.Increasing market share is one of the most important objectives of business. The main advantage of using market share as a measure of firm performance is that it is less dependent upon macro environmental variables such as the state of the economy or changes in tax policy. However, increasing market share may be dangerous for makers of fungible hazardous products, particularly products sold into the Kenyan market, where they may be subject to market share liability.

4.3.3 Growth

Some respondents said that the competent growth is excellent and planning to open sub branches, others their growth path is steady with some of them opening new branches in East Africa. Many companies indicated that they are on a positive growth path and are steady. There are two sets of thought prevailing among researchers; some suggest that the growth path followed by the enterprise is linear or predictable, and others suggest that the growth is fairly opportunistic term or unpredictable. Growth-oriented firms are a significant contributor in a nation's economic gain, but the concept of growth is different for different entrepreneurs. Growth can be defined in terms of revenue generation, value addition, and expansion in terms of volume of the business (Collier, Fishwick & Floyd, 2004). It can also be measured in the form of qualitative features like market position, quality of product, and goodwill of the customers. While studying the growth of a firm, it is essential to understand the concept of 'the firm' also. The understanding of the growth of an enterprise depends on the definition of what the firm is, how much has it grown, and what it offers to the market? What assets it controls and what is its legal form.

It is critical to study how an enterprise manages its growth transitions and what pattern they follow. Most widely used framework for studying the growth of an enterprise has been the life cycle analysis. In life cycle models, an enterprise's growth is considered as organic, and these assumed that this growth happens over a period of time in a linear phase. However, there are many researches suggesting that it may not be the case with every enterprise. Many firms do not take the linear path because it is not possible for each of those to progress through each stage. They can grow, stagnate, and decline in any order. Also, these things can happen more than once, and there is a possibility to reverse their steps.

Enterprise growth can be identified in four theoretical perspectives: the resource-based perspective, the motivation perspective, the strategic adaptation perspective and the configuration perspective. Resource-based perspective focuses on the enterprises' resources like expansion of business activities, financial resources, educated staff, etc. Resource-based theory holds that there are unlimited sources of opportunities in the marketplace. It is essential to manage transition (i.e., the point at which the resources are being reconfigured) by deploying firms' resources to identify and exploit the next growth opportunity. Hence, to determine successive phases of growth and development, resources need to be reconfigured during the transitions between stages.

4.4 Multiple Linear Regression Analysis

Regression means the average relationship between two or more variables and this relationship is used to estimate or predict most likely values of one variable for specified values of the other variable. It provides estimates of the dependent variable from the values of independent variables. Regression analysis is concerned with estimating the value of one variable when the value of the other is known multiple regression analysis is a logical extension of two or more variables. Coefficient of determination and correlation coefficient shows the degree of association between various variables and firm performance. The results of lines regression indicated R^2 = 0.789 and R = 0.888. This is an indication that there is a strong linear relationship between firm performance and profitability. Other variables revealed the following relationship. The linear regression analysis models the relationship between the dependent variable which is firm performance measured through profitability and growth and independent variable which are differentiation strategy, global business strategy, and strategic alliances.

4.4.1 Linear Regression Models for Differentiation Strategy

The coefficient of determination (R_2) and correlation coefficient (R) shows the degree of association between strategy choices made and firm performance in the shipping industry in Kenya. The average results of the linear regression indicate that R_2=.789 and R= .888 this is an indication that there is a strong linear relationship between differentiation strategy and firm performance. This implies that any positive change in differentiation, there is always a positive change in the firm's profitability. Small bone and Welter (2001) and Hisrich & Drnovsek (2002), found that firm performance as measured by profitability, market share and growth have a positive impact on the performance of firms operating in the shipping industry in Kenya. It can be inferred that firm performance is directly dependent on differentiation strategy, global business strategy and corporate governance as these are the key determinants that the researcher sort to study.

Table 4.6: ANOVA test for differentiation strategy

Model of relationship established

Model summary

R	R Square.
0.888	0.786

Results of ANOVA test reveal that competitive advantage of firm performance is proportionate to its differentiation strategy. Since the P value is actual 0.045 which is less than 5% level of significance. This is depicted by linear regression model $Y=B0+B_1X_{1+}E$ where X1 is the differentiation and the P value was 0.045 implying that the model $Y=B0+B_1X_{1+}E$was significant. The table below shows that there is a positive relationship between differentiation strategy and its performance in the shipping industry.

Table 4.7: ANOVAa

Model Sum	Df	Mean Square		F	Sig.Of squares	
Regression	6.131	1	6.131		4.063 .	045b
Residual	285.199		131		1.509	
Total	91.330		132			

a. Dependent Variable: firm performance

b. Predictors: differentiation strategy

4.4.2 Linear Regression Models for Global Business Strategy

Table 4.8 below presents summary of regression model result. The value of R and R^2 are 0.753 and 0.568 respectively. The R value of 0.753 represents the strong positive linear relationship between global business strategy and the firm performance since it is close to 1. The R^2 indicates that explanatory power of the independent variables is 0.568. This means that about 56.8% of the variation in performance is explained by the model $Y=\beta_0+ \beta_2X_2+E$. The R^2 value as revealed by the result which means that about 43.2% of the variation in the dependent variable is unexplained by the model, denoting a strong relationship between the global business strategy and firm performance. These findings concur with Hisrich and Drnovsek (2002) who found that global business strategies such as globalization and transnational strategies influence firm performance for the firms operating in global businesses.

Table 4.8: Model

Model	R	R Square	Adjusted R Square
1	0.753	0.568	0 .740

Table 4.5 shows the results of ANOVA test which reveal that global business strategy have significant effect on firm performance. Since the P value is actual 0.003 which is less than 5% level of significance. This is depicted by linear regression model $Y=B0+B_2X_2+E$ where X_2 is the global business strategy, the P value was 0.003 implying that the model $Y=B0+ B_2X_2+E$ was significant.

Table 4.9: ANOVAa

Model Sum	Df	Mean Square	F	Sig. Of squares	
Regression	12.04	1	1 24.041	8.756	.029
Residual	282.289	131	1.572		
Total	290.330	132			

a. Dependent Variable: firm performance

b. Predictors: global business strategy

Table 4.10 shows model of relationship established

Model	**Coefficients**	**Sig.**
Constant	3.915	.000
Global business strategy	.102	.003

Dependent variable: firm performance

Predictor Variable: global business strategy

The results in the above model indicate a positive relationship between global business strategy and firm performance.

4.4.3 Linear Regression Models for Strategic Alliances and Firm Performance

The linear regression analysis shows a how the dependent variable which is firm performance is influenced by the independent variable which is strategic alliances. The coefficient of determination R^2 and correlation coefficient r shows the degree of association between strategic alliances and firm performance in the shipping industry in Kenya. The results of the linear regression $Y=\beta_0+\beta_3X_3+E$ indicate that $r^2=.746$ and R= .864 this is an indication that there is a strong linear relationship between strategic alliances and firm performance in shipping firms in Kenya. All types of strategic alliances are not equally beneficial to improve a company's knowledge base. Some types of alliance, such as cooperation in logistic aspects, are suitable for sharing tangible resources in the development of certain operations; other types of a commercial nature may be useful to enter new markets or to increase market penetration. The most suitable strategic alliances for the generation and absorption of knowledge are those centered on R&D and innovation projects. Environmental uncertainty in today's markets and rapidly changing technologies need quick responses, which are more easily achieved through the establishment of strategic alliances than through isolation (Dodgson, 1993). R&D collaboration allows firms to share the risks of high-cost new technology development (Dodgson, 1992). Technological strategic alliances are formed as a powerful source for creating and exploiting knowledge (Inkpen, 1996; Grant & Baden-Fuller, 2004), and for developing new technologies and innovative products (Powell & Grodal, 2005; Rothaermel & Deeds, 2004; Cohen & Levinthal, 1990). The establishment of alliances in R&D or innovation projects can encourage access to new knowledge-based assets or knowledge based assets of associated companies that would be unattainable without participation in the agreement (Inkpen & Dinur, 1998; Powell, Koput & Smith-Doerr, 1996). However, the effect of technological strategic alliances on different types of competencies on knowledge remains to be studied. Inferences can therefore be made that tendency of a firm to engage in and support new ideas, novelty, experimentation and creative processes results in new products, services or technological processes. Product innovation requires the firm to have competences relating to technology and relating to customers.

Table 4. 11: Model

Model	**R**	**R Square**	**Adjusted R Square**
1	0 .864	0.746	0 .662

Table 4.11 shows the results of ANOVA test which reveal that innovativeness have significant effect on growth of SMEs. Since the P value is actual 0.007 which is less than 5% level of significance. This is depicted by linear regression model $Y=B0+B_3X_{3}+E$ where X_3 is the strategic alliances the P value was 0.007 implying that the model $Y=B0+ B_3X_{3}+E$ was significant.

Table 4.12: ANOVAb

Model Sum	**DF**	**Mean Square**	**F**	**Sig.**	
Regression	2.067	1	2.067	1.351	.007
Residual	289.263	131	1.530		
Total	291.330	132			

a. Dependent Variable: firm performance

b. Predictors: (Constant), strategic alliances

Table 4. 13 Step Wise Regression

Model	Coefficients	Sig.
(Constant)	3.514 .	000
Strategic alliances	.033	.007

a. Dependent Variable: firm performance
b. Independent variable: strategic alliances

4.4.4 Overall Regression Analysis

The linear regression analysis models show the linear relationship between the dependent variable which is firm performance and independent variables which are differentiation strategy, global business strategy and strategic alliances. The researcher sort to find out how each of the independent variables influenced firm performance. The coefficient of determination R_2 and correlation coefficient (r) shows the degree of association between Variables. The results of the linear regression indicate that R_2=.704 and R= .839 this is an indication that there is a strong relationship between differentiation strategy, global business stragey and strategic alliances and firm performance. The findings concur with those of Marr (2008) who postulates that strategic management enhances company success and its an important lever for value creation.

Table 4. 13: Model Summary

Model	R	R Square
1	.839	.704

Table 4.14 indicates that P value = 0.000 which is less than 5%. This shows that the overall model is significant. It further implies that differentiation strategy, global business strategy and strategic alliances influence firm performance in shipping industry.

Table 4.14: ANOVAa Model

Sum of Squares	DF	Mean Square	F	Sig.	
1 Regression		1809.028	5	361.806	87.391 .000
Residual		761.775	315	4.140Total	
Total		**2570.803**	**320**		

a. Dependent Variable: firm performance

b. Predictors: (Constant), differentiation strategy, global business strategy, strategic alliances

Table 4. 15: Coefficients

Model	**Unstandardized Coefficients**	**F**	**P – Value**
Constant	0.119		
Differentiation Strategy	0.413	6.855	0.018
Global business Strategy	0.219	5.749	0.031
Strategic alliances	0.319	6.610	0.019

Dependent variable; firm performance

4.5 Discussion of Findings

This sub section includes a detailed discussion of findings as shown by the regression results. The researcher will follow the research questions put earlier in the study for the researcher to be able to understand if the objectives were achieved.

4.5.1 Specific Discussion on Research Questions

a) Interpretation of Research question one: How do differentiation strategies influence performance of firm in the shipping industry in Kenya?

The results shown in table 4.22 above indicate that differentiation strategies have a significant positive influence on firm performance. This is shown by the regression analysis value of f – Calculated which is greater than 2 (i.e. 6.855) and P Value is 0.018 at 95% level of significance that is less than 5% confidence level. Therefore any company that practices some form of differentiation, whether is focused or hybrid, tends to realize higher profits, higher market share and a strong customer base. Several scholars whose work was reviewed under this objective show that differentiation is key to any type of business. As put by porter (2002) In an industry where differentiation has been absent, or at best difficult to achieve, there exists a growing belief amongst industry leaders that competitive advantage can be secured through providing a higher level intermodal service with a global network. This research identified these and other important strategic management issues relating to container shipping. It compares strategies adopted by industry leaders like mearsk Sealine service Inc, Evergreen, Mediterranean shipping company among others. All these companies are in the same business and yet the firms are appearing to exhibit different modes of operation.

b) Interpretation of Research question two: How does global business strategy influence the performance of firms in the shipping industry in Kenya?

The results indicate that global business strategy also positively influences the performance of firms in shipping industry in Kenya. The above table of regression analysis shows that global business stragey have a positive and significant influence on firm performance as shown by a f value of 5.749 (greater than 2) and a p value of 0.031 which is less than 0.05. The understanding of the researcher from the findings is that Container shipping is of immense importance to global industry, and one of the critical enablers of globalization. Analysis of the global container shipping industry suggests the potential for significant economies of scope and scale, and hence low costs and high efficiency, both recognized benefits of a global strategy. However, the global activities of container shipping lines are subject to a series of countervailing pressures, in particular, state regulation, piracy, shipper power, and the constant threat of competition.

c) Interpretation of Research question three: How do strategic alliances influence the performance of firms in the shipping industry in Kenya?

The results also show that innovativeness has a significant positive association with the growth of multinational corporations and firms operating in the shipping industry as shown by a p value of 0.019 at 95% level of significance which is less than 0,05 and a t value of 6.610, which is greater than 2. It is therefore conclusive to indicate that strategic alliances are positively correlated to firm performance in shipping industry in Kenya. Strategic alliances makes companies getting together stronger for a common purpose. Hence, its important for firms operating in the same or similar sector to consider on alliances especially where the company cannot pull enough resources to counter competition. The researcher found out that several companies have come together for purposes of business as stipulated by (Robinson, 2002).

4.5.2 General Discussion on Strategy Choice

Key differences in the strategies adopted by the shipping companies are identified. This was done through application of an established conceptual framework that has helped the researcher review all the strategy choices and using regression models to analyse the strategies of these competitors and aided by in-depth interviews with executives from each firm. It has been possible to identify specific organizational pressures associated with the conflicting needs for global operational integration of activities and for local responsiveness. The study has found that, in the global container shipping industry, competitors must implement strategies that facilitate a capability for both global integration and for local responsiveness. This view has also been postulated by (Panayides, 2003). This means that firms participating in the global container shipping industry must be multifocal; they must seek to develop the capability to manage both sets of demands simultaneously (Panayides, 2003). Nevertheless, it is evident that whilst each firm is subject to broadly similar pressures in respect of the needs for integration and responsiveness, they adopt rather different strategies in attempting to meet these needs. For example, with Maersk Sea line there is clearly an intermodal orientation, with more emphasis placed on intermodal capabilities and landside activities than on maritime aspects. Conversely, Evergreen Line was found to have a predominantly maritime orientation, placing greater emphasis on ships and containers and rather less emphasis on landside activities. These and other differences between carrier strategies relate to the series of strategic choices global liner shipping companies must make regarding the specific assets and operations necessary to provide a global container service (Pierre & Wolff, 2013).

4.4.5 Checks for Multicollinearity and Heteroscedasticity

As explained by (Woodridge, 2011) multicollienarity is a situation in which there is a high degree of association between independent variables. It is a research problem that should be solved by the researcher. In this research, this problem was solved by ensuring that there was a large enough sample as multicollinearity is not known to exist in large samples. Multicollinearity can also be solved by deleting one of the highly correlated variables. Also (Woodridge, 2011) said that when Heteroscedasticity occurs it means that previous error terms are influencing other error terms and this violates the statistical assumption that the error terms have a constant variance. This problem was checked by using normal P plots and scatter diagrams and there was no evidence of heteroscedasticity. The Variance inflation factor (VIF) was checked in all the analysis and it ranged from above 1 to 4 which is not a cause of concern according to Myers (1990) who indicated that a VIF greater than 10 is a cause of concern.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter summarizes the findings of the study done with specific to the objectives and research questions of the study were used as units of analysis. Data was interpreted and the results of the findings were correlated with both empirical and theoretical literature available. The conclusion relates directly to the specific objectives/research questions. The recommendations were deduced from conclusion and discussion of the findings.

5.2 Summary of the findings

The study sort to establish the key strategic management determinants that affect firm performance in the shipping industry in Kenya. This study was probed by the fact all manner of businesses today are 95% dependent on the ship as established by Yip, (2013) and articulated in an earlier study done by Kumar, (2009) who had established that world main shipping routes and ports well described. The day today talk on globalization also triggered the researcher to think around the business world and try to understand key factors, strategic management in nature that influence performance of these companies some of which are as old as mankind. Of important to note is the key statement of the problem that guided this research. The purpose was to carry out a detailed analysis of strategic management determinants that affect the shipping industry in Kenya. The study was deemed important because Pierre & wolf (2013) also ascertained that over 90% of the world trade is carried by international shipping industry.

The study was based on balanced score card model being a strategy of cause and effect relationships that provides a framework to organizing strategic objectives into the financial perspective in line with the company's vision and mission. It is helpful in understanding the internal organization and how it must relate to its environment to ensure that the organization achieves its core mandate. Also strategic consistency theory of Spero (2008) and Dielman (2012) was reviewed and shows that there is need for companies to align themselves to external environment and remain consistent in achieving results. Other theories reviewed are competitive advantage theory, global business strategy theory and corporate leadership theories.

The research design of this study was descriptive research design. Two hundred and twenty three questionnaires were issued to possible respondents in 41 companies and three regulatory agencies. A total of 131 questionnaires were returned and satisfactorily filled to enable continuity of this research. The findings are discussed as per research objective that the researcher had.

5.2.1 Research objective one findings: To examine how differentiation strategy influences firm performance in the shipping industry in Kenya

The researcher established that there are different differentiation strategies applied in the shipping industry. The key differentiation strategies that the researcher identified and studied them and data collection was done were focused and hybrid. It was established that many firms operating in the shipping industry are focused on specific market segments and niche. The researcher also found out that there are a few companies that do not place their products in market segments. Specifically in this research, these were found to be cargo consolidators. Also, the researcher found out that there are several emerging technologies that are forcing companies to remain innovative and that globalization challenges are real. So for them to cope in the present market and probably venture into new markets and countries, there is need for them to adopt hybrid differentiation strategy and have different ways of doing business being influenced by different factors as they emerge. It is interesting to note that very many firms in the shipping industry have no specific strategy approach. Rather, they are always adopting a strategy that is going to work under the prevailing circumstances. Therefore, the researcher can clearly say that differentiation strategy chosen can directly influence the performance of firms operating in the shipping industry

5.2.2 Research objective two findings: To explore how global business strategy influences firm performance in shipping industry in Kenya

The researcher established that shipping by and large is global. All shipping operations at every one time are are influenced by global operations worldwide. The researcher got an interesting feel of one firm that imports and exports ship accessories. To understand implications of globalization, one can imagine of just one importer of motor vehicle. "One can get a rubber tubes made from Brazil. The metal that is making the tyre is coming from Germany. The engineer is from India and the sales people are Kenyans. The phone that the sales people are using is from China whose microchips are from Finland." This is a small example that the researcher was given that shows how globalized the businesses have become. All companies indicated that their businesses depend on the ship. Also, the researcher noted that all the companies in this industry are located close to the ship because of the influence of the global factors. Specific global business strategies that the researcher explored are transnational strategy and globalization. These two strategies are seen in different firms. Hence, the researcher can note that global business strategies directly influence performance of firms in the shipping industry in Kenya. Therefore it is important for the industry players to be vigilant on the changing global trends and patterns of doing business.

5.2.3 Research objective three findings: To explain how strategic alliances influences firm performance in shipping industry in Kenya

The researcher established that there are several issues that surround alliances. Key point to note is every industry player needs to understand that there are different stages through which companies can enter into alliances. These stages are entry, growth and maturity. Also, the industry players must understand the implications of entering into the alliance at whatever stage. Most of the respondents indicated that the best stage to enter into an alliance is growth. This is because each company will be in a position to understand the strengths they are bringing into the alliance. Also, the researcher found out that the needs to enter in alliances are always different. Therefore, any manager who wants to decide to enter into an alliance should clearly understand their expectations, costs and benefits and have a very clear objective. Some reasons raised in this study as to why shipping firms may enter into alliance are for market development, growth, to face competitors and others are to boost their technology. Hence, the researcher found out a strategic alliance directly influence performance of firms in the shipping industry in Kenya.

5.3 Conclusions

The crux of this study was to study perceived strategy choices that influence performance of firms in the shipping industry in Kenya. The output given from the findings indicate that there is a significant positive relationship between the components of differentiation strategy, global business strategy and strategic alliances on firm performance in the shipping industry in Kenya. The choice of any business strategy should always be guided by the specific objectives the company wants to achieve. Then the researcher established that the industry is quite volatile and currently has piracy as a major threat to its growth and future success if not curtailed. Currently East African coastline is unsafe as indicated by all the respondents. The researcher therefore can conclude that there are several activities that take place in the shipping industry. These activities range from facilitating taxation of goods by governments, cleaning and forwarding of goods, verification and importation of goods alongside maritime transport, export documentation and managing shipping clients.

Also the researcher can conclude that there are various differentiation strategies that firms operating in the shipping industry can apply. They range from offering differentiated product to focused products and even hybrid products. All these imply that firms operating in this industry have a wide range of products to offer. All these strategies determine successes in different ways. Some enhances market share others influence growth yet others influence profits. The researcher also concludes that business in the shipping subsector also uses different business strategies. The researcher established that shipping companies operate in a global environment and serve global clients hence there is need for global business strategies. These strategies meet both long term and short term strategies. The researcher established that these strategies are as a result of globalization and internationalization of domestic companies.

Also, many businesses do not prefer ship tramps. This is because they pause a great challenge of reliability. The researcher also concludes that the issue of piracy posses a significant threat to success of the world shipping. Hence where piracy thrives, performance of the shipping industry is affected. Common shipping activities like chandling affect performance of the industry because of lack of reliability. The researcher can also conclude that sizes of ship, cargo destination and type of cargo largely determine performance in terms of profits and market share. The researcher can further conclude that various trends are being experienced in the shipping industry. Hence, businessmen need to be sure of what they expect in returns. Conventional shapes of ships are changing over time hence need for continuous innovation. All these conclusions are drawn from research findings.

5.4 Recommendations

The study is a justification of the importance of this field of shipping in doing of business. Hence the researcher recommends that businessmen operating in the shipping industry must observe global trends in all their products development cycle. This is because shipping is by and large global and only those firms that will fit in the changing environment will survive. Also, government must do everything within their means to curb piracy. Pirates are a real threat to the growing of the industry and therefore there is need to enhance peace and stability. The industry is losing millions of tonnes of goods through piracy translating to billions of dollars. Policies and programs that can enhance security and performance of the entire sector should be developed through a consultative process.

Companies in the export and import business need to adapt to the existing sizes and shapes of conventional ships. Therefore, as they design products that will need to be transported by the ship, they should know the basics of the very ship in terms of size and shape. Very few companies have their own ships (only Mearsk sea line) has its own ships. Other vessels across the world are owned by Asian countries and Greek. Merchants in developed countries have been able to put up their own ships while those in developing countries have to rely on those ships from the developed countries. Therefore, company executives need to know that they have a wide range of shipping vessels to choose from across the world. Managers need to know that the industry is volatile and a lot of research and concentration is needed to enable them operate well in the global environment. Majorly, the respondents clearly showed that the industry is key in all world business.

This study is also good for the company executives who would want to grow their enterprises in other countries or want to do what is commonly referred to as cross border business. The data obtained and the findings are important to them because it can guide them on choice of companies, goods to transact, forms of alliances, risky areas, stages of entering an alliance and many other issues. The study is particularly important as it provides a clear framework for operations of the shipping industry. Also, tutors in business management fields, maritime studies among others can draw important lessons from the findings of this research.

REFERENCES

Aggarwal, P. (2012). *Corporate growth determinants in India*: *An empirical study*. Delhi: LAP Lambert Academic Publishing.

Aldrich, H.E. (1976). *Organizations and Environment, Englewood Cliffs,* N.J.: Prentice-Hall Inc.

Amit, R., & Schoemaker, P., (1993). Strategic assets and organizational rent, *Strategic Management Journal, 14,* 33-46.

Anderson, C., & Paine, F., (1975). Managerial Perceptions of Strategic Behaviour, *Academy of Management Journal, 18*, 811–23.

Anderson, J.C. & Gerbing, D.W. (1988). Structural equation modeling in practice: a review and recommended two-step approach. *Psychol Bull jopurnal, 103*(3), 411–423.

Ansoff, H.I., & McDonnell, E.,(1990). *Implanting Strategic Management*, (2nd edition), Hemel Hempstead: Prentice Hall.

Ansoff, H.I., (1987). *Corporate Strategy*, Harmondsworth: Penguin Books.

Aosa, E. (2012). *An Empirical Investigation of Aspects of Strategy Formulation and Implementation within Large Private Manufacturing Companies in Kenya,* Unpublished PhD Thesis, Glasgow Scotland U.K: University of Strathclyde Glasgow Scotland U.K.

Argyris, N., (1996a). Evidence on the role of firm capabilities in vertical integration Decisions, *Strategic Management Journal, 17,* 129-150.

Babu, K.S. (2012). *The role of corporate governance in strategic managemen*t, Pradesh, India: SSRN, KMM colleges.

Bailey, A. & Johnson, G. (1996). *Patterns of strategy development,* Cranfield School of Management Working Papers Series SWP 1/96, Cranfield University.

Bailey, A., Johnson, G. & Daniels, K. (2000), Validation of a multi-dimensional measure of Strategy development processes, *British Journal of Management, 11*(2), 151-162.

Barber, P.J. & Legge,D. (1976*). Perception and Information,* London: Methuen.

Barnes, J.H., (1984). Cognitive Biases and their Impact on Strategic Planning, *Strategic Management Journal, 5,* 129–37.

Barney, J., (1986). Strategic factor markets: Expectations, luck, and business strategy, *Management Science, 32,* 1231-1241.

Barney, J.B. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, *17*(1), 99–120.

Barringer, B.R., & Bluedorn, A.C. (1999). The relationship between corporate entrepreneurship and Strategic management**.** *Strategic Management Journal, 20*(5), 421–444.

Bartlett, F.C. (1932*). Remembering: A study in Experimental and Social Psychology*, Cambridge University Press, Cambridge.

Bauer, G.F. et.al. bridging occupational , organizational and public health. A trans disciplinary approach. *Springer journal* 1-11.

Berelson, B., & Steiner, G.A. (1964). *Human Behaviour: An Inventory of Scientific Findings*, New York: Harcourt, Brace & World.

Beyer, J., Chattopadhyay, P. & George, E. (1997), The selective perception of managers revisited, *The Academy of Management Journal*, *40*(3), 716-737.

Blunder S.B and Hingley R (2001). *Thinking on thresholds: poetic of transitive spaces, laughter in dark house publishers,* London: penguin.

Bottasso A, (2014). Ports and regional development: a spatial analysis on a panel of European regions. *Transport journal on Policy Practice, 65,* 44–55.

Bottasso, A., (2013). The impact of port throughput on local employment: evidence from a panel of European regions. *Transport Policy journal*, *27,* 32–38.

Bower, J. (1970). *Managing the resource allocation process : A study of planning and investment,* Boston: Harvard University.

Bowman, C. & Ambrosini, V. (1997). Perceptions of strategic priorities, consensus and firm performance, *Journal of Management Studies, 34*(2), 241-258.

Bowman, C. & Faulkner, D. (1997). *Competitive and Corporate Strategy*, London: Irwin.

Brown, S.L., & Eisenhardt, K.M., (1997). The art of continuous change: Linking complexity theory and time-paced evolution in relentlessly shifting organizations', *Administrative Science Quarterly*, *42,* 1-34.

Burgelman, R. (1980). *Managing Innovating systems: A study in the process of internal corporate venturing,* Unpublished PhD dissertation, Columbia: Columbia University.

Buss, W. & Kuyvenhofen, R. (2011). Perceptions of european middle managers of their role in strategic change, *Global Journal of Business Research, 5*(5), 109-120.

Carroll, G.R., (1993). A sociological view on why firms differ', *Strategic Management Journal, 14,* 237-249.

Chamisa, E, Mangena, M., & Tauringana, V. (2011). *Corporate Boards, Ownership Structure and Firm Performance in an Environment of Severe Political and Economic Crisis*, DOI: 10.1111/j.1467-8551.2011.00804.

Chandler, A.D., (1962). *Strategy and structure,* Cambridge, MA: MIT Press.

Chang, S. (1978). In defense of port economic impact studies. *Transport Journal, 17,* 79–85.

Chang, Y.T, Shin, S.H, & Lee, P.W (2014). *Economic impact of port sectors on South African economy: an input–output analysis. Transport journal Policy, 35,* 333–340.

Chaston, I, & Mangles, T. (1997). Core capabilities as predictors of growth potential in small manufacturing firms**.** *Journal of Small Business Management, 35*(1), 47–57.

Chaston, I. (2010). *Entrepreneurial management in small firms.* London: Sage Publications.

Chaston, J.J. (2010). *Small scale Auroral current sheet structuring*. London: Wiley online library.

Chen, M, Cao, Y., & Ma, Y. (2008). An empirical research on the evolution model of competitiveness between different life cycle stages in Chinese enterprises**.** *Journal of Combinatorics, Information & System Sciences*, ***6***(4), 351–370.

Cook, P.J., & Clotfelter, C.T (1991). Lotteries of the real world. *Journal of risk and uncertainty, Springer, 4*(3), 39-50.

Cronbach, L.J. (1951). Coefficient alpha and the internal structure of tests. *Psychometrika journal*, *16*(3), 297–334.

Dablanc, L. & Rodrigue J.P. (2013). *Urban Freight Distribution: A Global Typology, in G. Giuliano and S. Hanson.* The Geography of Urban Transportation, (4th Edition), New York: The Guilfold Press.

Deng, P, Lu, S, & Xiao, H. (2013). Evaluation of the relevance measure between ports and regional economy using structural equation modeling. *Transport Policy journal, 27,* 123–133.

Dierickx, P.J., & Cool, K., (1989). Asset stock accumulation and the sustainability of competitive advantage, *Management Science, 35,* 1504-1511.

Doh, M., (2011). *Tourism business policy and strategy*, Providence, Rhode Island: Wynn resorts, ltd Johnson & Wales University.

Douglas, A. (2000). Habitat Management to Conserve Natural Enemies of Arthropod Pests in Agriculture. *Annual Review of Entomology. 45,* 175-201.

Dunn, P. & Cheatham, L. (1993). fundamentals of small business financial management for start up, survival, growth, and changing economic circumstances, *Managerial Finance, 19*(8), 1 – 13.

Evans D.S: (1987), The relationship between firm growth, size and age: estimates for 100 manufacturing industries. *The Journal of Industrial Economics ,35*(4), 567–581.

Freeman, C., (1982). *The Economics of Industrial Innovation.* (2nd ed.), Cambridge: MIT Press.

Freeman, E. (1984). *Strategic management: A stakeholder approach*. Boston: Pitman.

Fremont, A. (2007). Global maritime networks: The case of Maersk', *Journal of Transport Geography*, *15*(6), 431-442.

Fuller, B.C & Stopford, M.J (1994). Creating corporate entrepreneurship. *Strategic Management Journal, 15*(7), 521–536.

GOK, (2002). *Kenya Maritime Authority,* Nairobi: Government of Kenya.

Grant, R. (1991). The resource-based theory of competitive advantage: implications forstrategy formulation. *California Management Review* (Springer), 119–135.

Greiner E.L (1972). *Patterns of organizational change. Evolution and revolution as orgnanization Grow*. Boston: Havard business review.

Greiner, L. (1972). Evolution and revolution as organizations grow. Harvard business review. *Journal of Small Business Management, 472,* 37–46.

Guimera, U., (2005). the worldwide air transportation network. Centrality anomalies, Community structure and cities global roles, *journal of transport networks, PNAS, 102*(22), 7794 – 7799.

Gulliver, F.R., (1987). Post-project Appraisals Pay, *Harvard Business Review. March.* 128–132.

Hair, J. F., Black, W. C., Babin, B. L., Anderson, R. E & Tatham, R. L. (2006). *Multivariate Data Analysis*, (6th Edition), New York: Pearson Prentice Hall.

Hamel, G., & Prahalad, C.K., (1994). *Competing for the future*, Boston, MA: Harvard business School Press.

Hammer, M. (2000*). Reengineering the corporation – a manifesto for business revolution*, New Jersey: Nicholas Brealey.

Hanks, S, Watson, C, Jansen, E., & Chandler, G. (1993). Tightening the life-cycle construct: a taxonomic study of growth stage configurations in high-technology organizations. *Entrepreneurship Theory and Practice, 18,* 5–29.

Harris, R., & Trainor, M., (1995). Innovations and R&D in Northern Ireland manufacturing: a Schumpeterian approach, *Regional Studies, 29*(7), 593-604.

Hill, L.W & Jain, A. K. (2010). *International business. Competing in the global marketplace.* (6th ed.). New Delhi: Tata Mcgraw Hill education private Ltd.

Hint, M.A, Ireland, R.D & Hokinson, R.E (2002). *Strategic Management - Competitiveness and Globalization*, England: Mcgraw hill publishers.

Ihiga, S. (2004). *National Perspectives of Goods of Economics Importance:* Unpublished Paper Presented at KAM COMESA Seminar July 28, 2004.

Iselberg, D. (2004). How senior managers think and the tactics of strategic opportunism. *Journal of psychology of business management, Harvard school of business, 6*(2), 62-72.

Itner, C.D & Larcker, F.D. (2001). assessing empirical research in management accounting. A Value based management perspective. *Journal of accounting, 32*(1-3), 349 – 440.

Johnson, G. & Scholes, K. (2010). *Exploring Corporate Strategy,* (5th ed.). New York: Prince hall.

Johnson, G., (1985). *Strategic Management in Action'*, chapter 2 of Current Research in Management, in Hammond, V. (ed), Frances Pinter (Publishers) Ltd.

Johnson, G., Yip, G. & Hensmans, M. (2012). Achieving Successful Strategic Transformation *MIT Sloan Management Review, 53*(3), 25-32.

Kaplan, R. S. & Norton, D. P. (2008). The Balanced Scorecard-Measures that Drive Performance, *Harvard Business Review publishing newsletter, 70 (January/February) 71-7*(10), 66-75.

Karamperidis, S., Elizabeth, J & Mangan, J. (2013). Performance measurements in the maritime transport sector *journal of international maritime and trade pgs 40*(4), 339-350 *DOI:10.1080/03088839.2013.776182*

Keeton, K.B. & Mengistu, B. (1992). The perception of organizational culture by management level: implications for training and development, *Public Productivity & Management Review, 16*(2), 205-213.

Kleinbaum, D. G., Kupper, L. L. & Muller, K. E. (1988). *Applied Regression Analysis and Other Multivariate Methods*, (2nd edition). Boston: PWS-KENT Publishing Company.

Kotha, S., Dunbar, R.L.M. & Bird, A. (1995). Strategic action generation: a comparison of emphasis placed on generic competitive methods by U.S. and Japanese managers, *Strategic Management Journal, 16*(3), 195-220.

Kothari, C.R., (2010). *Research Methodology, Methods and Technique*s, (2nd ed.). New Delhi, new age International publishers.

Kotter, P. (2008). *A Sense of Urgency*. United States: Harvard Business School Publishing.

Krejcie, R. V & Morgan, D.W., (1970). *Determining Sample Size for Research Activities*, Educational and Psychological Measurement, New Delhi: prentice hall.

Kumar, A, (2009). Who Gambles in the Stock Market? The journal of the American finance association DOI: 10.1111/j.1540-6261.2009.01483.x

Leitch, C., Hill, F. & Neergaard, H. (2010). Entrepreneurial and business growth and the quest for a comprehensive theory: tilting at windmills*? Entrepreneurship Theory and Practice*, ***34***(2), 249–260. *10.1111/j.1540-6520.2010.00374.*

Lenz, R.T., (1980). Strategic Capability: A Concept and Framework for Analysis', *Academy of Management Review, 5*(2), 225–34.

Leslie, D. & Reimer, S. (2011). *Spatializing commodity chains, progress in human geography,* Debby HTML

Levie, J, & Hay, M (1998). Progress or just proliferation? *A historical review of stages models of early corporate growth*. London: London Business School.

Levie, J, & Lichtenstein, B. A. (2010). terminal assessment of stages theory: introducing a dynamic states approach to entrepreneurship. *Entrepreneurship: Theory & Practice 34*(2), 317–350. *10.1111/j.1540-6520.2010.00377*.

Lewis, M.W & Wigen, K. (1999). A maritime response to the crisis in area studies, *The Geographical Review, 89*(2), 161-168.

Limao, N. & Venables, A.J. (2001). Infrastructure, geographical disadvantage, transport costs, and trade, *The World Bank Economic Review, 15*(3), 451-479.

Lorange, P. & Fjedstad, O.D. (2010). *The Blackwell companion of maritime economics*. Narotama: Ebooks.

Majumdar S (2008), Modeling growth strategy in small entrepreneurial business organizations. *Journal of Entrepreneurship, 17,* 157. *10.1177/0971355 70801700204*

Majumdar, S. (2007). Growth strategy in small manufacturing organizations: a study of Madhya Pradesh and Maharashtra. *In Developmental aspects of entrepreneurship.* London: Sage Publication.

Masurel, E, & Montfort, K.V (2008). Life cycle characteristics of small professional service firms. *Journal of Small Business Management, 44*(3), 461–473. *10.1111/j.1540 627X.2006.00182.x*

McCalla, C. Comtois, B. & Slack, B. (eds) Integrating Seaports and Trade Corridors. *Survey: Water transport journal, Ashgate*, 31-45.

Miles, M.P., Munilla, L.S., & Darroch, J. (2006). The role of strategic conversations with stakeholders in the formation of corporate social responsibility strategy. *Journal of Business Ethics, 69*(2), 195-205.

Miles, R.E., & Snow, C.C. (1978*). Organizational Strategy, Structure, and Process,* New York: McGraw-Hill.

Miller, D., & Friesen, P.H., (1978). Archetypes of Strategy Formulation, *Management Science, 24,* 921–33.

Miller, D.J. (2003). An asymmetry based view of advantage: towards as attainable sustainability *Journal of strategic management*, *24*(10), 961 -976.

Mintzberg, H. (1993). *The rise and fall of Strategic Planning*. New York: Free Press.

Mintzberg, H. (1994). The fall and rise of Strategic Planning. *Harvard Business Review*, *72*, 107-10-7.

Mintzberg, H., & Campel, J. (1999). Reflecting on the Strategy Process. Sloan Management Review, 21-30.

Mintzberg, H., (1973) Strategy-Making in Three Modes, *California Management Review, XV1*(2), 44–53.

Moeti, K.B. (2000). Evaluating Project and Programs in the South African Public Sector. *Journal of Public Administration*.

Moore, M.J., Frank, R. & Cook, J.P. (1991). Redefining success in the state lottery business. *Journal of policy analysis and management. 9*(1).

Mugenda, O & Mugenda A, (2003). *Research Methods. Quantitative and Qualitative Approaches, Nairobi:* Acts Press.

Mulcaster, W, ( ). Three strategic frameworks, *Business Strategy Series*, *10*(1), 68 – 75. *DOI http://dx.doi.org/10.1108/17515630910937814*

Muriuki, T. N. (2008). *Corporate Social responsibility link to strategy among mobile Telephone service providers in Kenya*, Unpublished MBA project, Nairobi: University of Nairobi.

Mwega, M., & Ndungu, S. (2009). *Determinants of Foreigh Direct Investments: evidence from Firm survey*, Nairobi: University of Nairobi press.

Namusonge G.S, Barasa P.W & Iravo M.A, (2015). *Role of information sharing,* developing Country studies.

Namusonge, G.S (2010), *Business statistics, concepts and applications.*

Ndaa, P, (2012), Customer Value Proposition, the basis of organizational strategy, *Journal of Balanced score card, 2*(1), 17-29.

Noteboom, B: (1991). Strengths and weaknesses of small businesses in innovation and diffusion. Rio de Janeiro: *TIMS/SOBRAPO Conference*.

Notteboom, T, Rodrigue, J.P. & Monie, D.G, (2011). The Organizational and Geographical Ramifications of the 2008-09. Financial Crisis on the Maritime Shipping and Port Industries, *journal of water transport, 9,* 531-545.

Notteboom, T. & Rodrigue, J.P. (2009). The future of containerization: *Perspectives from maritime and inland freight distribution. Geojournal, 74*(1), 7-22.

Notteboom, T. & Rodrigue, J.P. (2011). Global networks in the container terminal operating industry Part 2: *The future direction of terminal networks, Port Technology International, PT50–03-2*.

Notteboom, T. & Winkelmans, W. (2004). Factual report – work package 1: Overall market dynamics and their influence on the port sector. Study commissioned by the European Sea Ports Organisation (ESPO).

Notteboom, T. (2011). An application of multi-criteria analysis to the location of a container hub port in South Africa. *Maritime Policy and Management, 38*(1), 51–79.

Oster, S.M, (1994). *Modern Competitive Analysis*, Oxford: Oxford Press.

Oyedijo, A. (2004). *Strategic Management: An introductory Text*, (Chapter two). Lagos: Strategic International Press Ltd.

Ozleblebici, Z., Pinto, C. & Antonio, N. (2015), Variations in strategy perception among business and military managers, *International Journal of Research in Business and Social Science, 4*(1), 17-31.

Panayides, P.M. & Song, D.W. (2009). Port integration in global supply chains: measures and implications for maritime logistics. *International Journal of Logistics Research and Applications, 12*(2), 133 — 145.

Panayides, P.M. (2003). international market entry strategies in China: lessons from the ocean and the ship*, journal of logistics, 7*(5), 300-315.

Pardali, A. & Kounoupas, E. (2007). *The application of marketing strategies in the container seaport market, Proceedings of the 5th International Conference on Maritime Transport* and Maritime History, Barcelona.

Parnell, J.A. & Lester, D.L. (2003), Towards a philosophy of strategy: reassessing five critical dilemmas in strategy formulation and change, *Journal of Strategic Change*, *12*(6), 291-303.

Parnell, J.A. (2003). Variations in strategic philosophy among american and mexican managers*, Journal of Business Ethics*, *50*(3), 267-278.

Pearce, J.A. & Robinson, R.B. (2003). *Strategic Management: formulation, Implementation and Control.* (8th ed.), Boston: McGraw-Hill Inc.

Penrose, E (1959). *The theory of the growth of the firm*. Oxford: Oxford University Press.

Peteraf, M.A., (1993). The cornerstones of competitive advantage: A resource-based view, *Strategic Management Journal, 14*, 179-191.

Pierre. C & Wolff, F.C, (2013). chartering practices in liner shipping, journal of international *Shipping management and policy 40*(4), 323-338 *DOI:10.1080/03088839.2013.781280*

Pole, C. & Lampard, R. (2002). Practical Social Investigation. *Qualitative and Quantitative Methods in Social Research*, Harlow: Prentice Hall

Porter, M, (2002). What is strategy? *Harvard Business Review 74(*6)

Porter, M. (1980). *Competitive Advantage*. New York: The Free Press.

Porter, M. (1985). Competitive Advantage, New York. *The Free Press*.*Academy of management Review*, *6*(4), 609-620.

Porter, M. (1990). *The competitive Advantage of firms*. New York, NY: The Free Press.

Porter, M. (1997). Creative Advantages *Executive excellence, 14*, 17-18.

Porter, M. (1998). Clusters and the New economics of Competition. *Harvard business Review, 76*(6), 77-90.

Porter, M. E. & Kramer, M.R. (2006). Strategy and Society: The Link between competitive advantage and corporate social responsibility. *Harvard business Review, 75*(8).

Porter, M. E. (2008). *Competitive Advantage: Creating and Sustaining Superior Performance.* New York: Free Press.

Powers, T.L. & Hahn, W. (2004). Critical competitive Methods, general strategies, and firm performance. *The International Journal of Bank Marketing*, *22*(1), 43-64.

Prahalad, C.K (2009), *competing for the future*, *world economic forum India's economic summit of 2009*, Harvard: Harvard school of business.

Prahalad, C.K. & Hamel, G. (1994). Strategy as a field of study: why search for a new paradigm, *Strategic Management Journal*, *15,* 5-16.

Prahalad, C.K. (1993). The Role of Core Competencies in the Corporation, *Research-Technology Management*, *36*(6), 40–47.

Prahalad, C.K. (2010). *Proponent of Poor as Consumers*, Dies at 68. New York: New York Times. 21

Quinn, J.B., (2000). Outsourcing innovation: the new engine of growth', *Sloan Management Review, 41,* 13-28.

Quinn, R, & Cameron, K. (1983). Organizational life cycles and shifting criteria of effectiveness, some preliminary evidence. *Management Science*, *29*(1), 33–51. *DOI10.1287/mnsc.29.1.33*

Rai, J (2012). *management of stakeholders at the Kenya Ports authority*, Unpolished MBA p,roject, Nairobi: University of Nairobi.

Raue J.S., & Wieland, A., (2015). The interplay of different types of governance in horizontal cooperations: A view on logistics service providers, *The International Journal of Logistics Management, 26*(2), 401 – 423.

Reimer, S. & Philip, P. (2013). Geographies of the British government's wartime Utility furniture scheme, *Journal of Historical Geography*, *39*(1), 99-112.

Rimmer, P.J. (1967). *The search for spatial regularities in the development of Australian seaports 1861-1961/2' Geografiska Annaler, 49B,* 42-54.

Robbins, D.K, (2000). An empirical assessment of the contribution of small business employment to US state economic performance**.** *Small Business Economics 15**(**4*), 293–302.*DOI 10.1023/A:1011129728483*

Robinson, R. (2002). Ports as elements in value-driven chain systems: the new paradigm. *Maritime Policy and Management*,*29*, 241-255.

Rodrigue, J. P (2013). The Geography of Transport Systems, *Hofstra University, Department of Global Studies & Geography,* New York: Routledge.

Rodrigue, J. P. (2012). Geography of Transport Systems, *Hofstra University*, *Department of Global Studies & Geography,* New York: Routledge.

Rodrigue, J.P. & Notteboom, T. (2012). Containerized Freight Distribution in North America and Europe, in J.H. Bookbinder (ed*) Handbook of Global Logistics: Transportation in International Supply Chains,* New York: Springer.

Rosebeth, M.K., (2012). Innovation: the classic traps. *Harvard Business Review on Inspiring and Executing Innovation.* Harvard: Harvard Business Press.

Rothwell, R: (1986). The role of small firms in technological innovation**.** *In The survival of the small firm. Edited by: Curran J, Stanworth J, Watkins D.* Aldershot: Gower.

Rumelt, R. J. (1974). Corporate level strategy: Theory and applications. *Administrative science Quartey.*

Rumelt, R.J. (2006). A giant in the field of study. Good strategy bas strategy. The difference and why it matters. *Mckinsey quarterly* .

Schwenk, C.R., (1984). Cognitive Simplification Processes in Strategic Decision-Making, *Strategic Management Journal, 5*, 111–28.

Shank, J. K., & Govindarajan, V. (1993). *Strategic Cost Management: The New Tool for Competitive Advantage*. New York: Free Press.

Siciliano, J.I. (2007), A comparison of CEO and director perceptions of board involvement in strategy, *journal of Nonprofit and Voluntary Sector Quarterly*, *37(*1), 152-162.

Slack, B. & Frémont, A. (2009). Fifty years of organizational change in container shipping: Regional shifts and the role of family firms, *Geo journal*, *74,* 23-34.

Slack, B., Rodrigue, J-P. & Comtois, C. (2009). *The Geography of Transport Systems* (2nd ed) London: Routledge.

Smith, E. & Robert, H. (2011). Modern competitive analysis. Surney of British firms, *Journal of Management Studies, 29*(2), 133-154.

Snow, C. (1976). The role of managerial perceptions in organizational adaptation: an Exploratory study, *Academy of Management Proceedings*, *12,* 249-256.

Snyder, N.H & Glueck, W.F. (1982). Can Environmental Volatility be Measured objectively? *Academy of Management Journal, 25*(1), 185–92.

Stalk, G., Evans, P., & Schulman, L. (2001). Competing on Capabilities: the New Rules of Corporate Strategy, *journal of management*, *27,* 701- 721.

Sys, C. (2009). Is the container liner shipping industry an oligopoly? *Transport Policy 16*(5), 259-270.

Tongzon, J. & Heng, W. (2005). Port privatization, efficiency and competitiveness: Some empirical evidence from container ports (terminals). *Transportation Research Part A, 39,* 405– 424.

Tongzon, J. (2002). Port choice determinants in a competitive environment. IAME, *Conference, Panama.*

Tongzon, J., Chang, Y., & Lee, S. (2009). How supply chain oriented is the port sector? *International Journal of Production Economics, 122*(39), 21–34.

Tweed, S.L. (2013). *Geography of water transport.* Askmen: Askmen.

Venkatramen, N. (1988). Strategic Orientation of Business Enterprises: The Construct, Dimensionality and Measurement, *Management Science*, *35*(8), 942–62.

Warne, R. L, Ramos, T. & Ritter, N. (2012). *Statistical Methods Used in Gifted Education,* New York: Gifted hands.

Warren, K. (2002). *Competitive Strategy Dynamics*. Chichester, Princetown, UK: Wiley.

Warren, K. (2007). *Strategic Management Dynamics*. Chichester, Princetown, UK: Wiley.

Wernerfelt, B. (1984). A Resource-Based View of the Firm. *Strategic Management Journal*, *5*, 171–180.

Whittington, R., Pettigrew, A., Peck, S., Fenton, E., Conyon, M., (1999). Change and complementarities in the new competitive landscape: A. European panel study, 1992 –1996, *Organizational Science, 10,* 583-600.

Winter, S., (1987). Knowledge and competence as strategic assets', In Teece D.J. (ed.), *The competitive challenge: 159-184*, Cambridge, MA: Ballinger.

Wolfe, R. (1994). Organizational Innovation: Review, critique and suggested research directions, *Journal of Management Studies*, *31*, 405-431.

Woodrigde, J (2011). *Econometrics; modern approach*. South western college, international Ed, (4th ed.).

Yabs, J, (2010). S*trategic management practices,* a Kenyan perspective. Application and cases., (2nd ed.). Nairobi: Lelax global.

Yip, G. & Johnson, G. (2007). Transforming strategy, *journal of Business Strategy Review. 18*(1), 11-15.

Yip, G. (2009) Measuring long term superior performance: J*ournal of management Long Range Planning, 42*(3), 390-413.

Zajac, E.J., & Bazerman, M.H., (1991). Blind Spots in Industry and Competitor Analysis: Implications of Interfirm (Mis) Perceptions for Strategic Decisions', *Academy ofManagement Review, 16*(1), 37–56.

Zuboff, S, (2010). Creating Value in the Age of Distributed Capitalism. Art. 4. *McKinsey Quarterly*: 45–55.

APPENDICES

Appendix 1: Letter of Introduction:

Dear Sir / Madam,

I am a postgraduate student currently pursuing a Ph.D at Jomo Kenyatta University of Agriculture and technology. Currently I'm undertaking my project in **influence of strategy choices on firm performance in the shipping industry in Kenya.** This study is in partial fulfilment of the requirements of a doctorate Degree in Business administration strategic management option of JKUAT. A questionnaire has been developed addressing several factors that determine performance of the firms in the shipping industry in Kenya. Based on your work experience and knowledge, please respond to the questions accurately.

Your organization has been selected by chance and you have been selected by chance to participate in the study by providing answers to the questions raised in the questionnaire. I would highly appreciate if you assisted me by responding to all questions as completely, correctly and honestly as possible. The questions have been simplified and will require utmost 20 minutes.

I also wish to assure you that the information is purely for academic reasons ONLY and your responses will be treated with utmost confidence. Please do not write your name anywhere on this paper. I hope you will find it enjoyable to complete this questionnaire. If you have any querries or would like further information about this study, please do not hesitate to contact me on the address below.

Thank you for your assistance.

Lucy Karimi Njagi

Jomo Kenyatta University of Agriculture and Technology

lkarimi@ymail.com

+254 721 305 887

Appendix II: Questionnaire

PART 1: personal information

1. Comment on the age bracket of senior management in your organization----------
----

----
2. Comment on the education level of senior management in your organization.-----
----
----
3. Identify the main departments in your organization by ticking in the boxes beside each listed department

Human resource	( )	administration	( )
Finance / accounts	( )	internal audit	( )
Marketing	( )	operations	( )

Others (please specify) ---

4. From the boxes given below, identify the Length of service you have been in this firm:

Less than 5 years	( )	6 – 10 years	( )
11 – 15 years	( )	16 – 20 years	( )
21 – 25 years	( )	over 25 years	( )

5. Identify the main activities that take place at your firm--------------------------------
----
---------------------------------.--
----

6. What is your Current position --

Part 2: competitive strategies

1. The table below represents various aspects regarding to what extent firms adopt strategies to remain competent in the market. Kindly indicate your rating of 1-5 where 5 is great extent, 4 is moderate extent, 3 is neutral, 2 is low extent and 1 is no extent

a) Hybrid strategy

Statement	**1**	**2**	**3**	**4**	**5**
Introduced unique features to a product or service					
Introduced new unique products or services					
Marketing channels through which products and services are delivered					
Improved service network that supports those products and services					

b) Focus Strategy

Statement	**1**	**2**	**3**	**4**	**5**
Focused on a specific niche / segment in the market					
Offering specialized products or services to that niche/ market					
Expanded branch network to isolated geographical areas					
Tailored products and services to the demand of small and medium sized customers					

2. What is your firm's competitive advantage? --

And if you do, are you focusing on it? --------------------------------------

3. In a scale of 1-5, rate how a clear understanding of the following enhances competitiveness where 5 indicates great extent, 4 indicated good extent, 3 indicates average, 2 indicates some extent and 1 indicates not at all

Statement	**1**	**2**	**3**	**4**	**5**
Types of ship available					
The size of the ship					
The sea route					
Market of the cargo					
Type of cargo					
Trend of containerization					

Part 3: Global Business Strategy

1. Shipping companies are operating in a global market. Indicate if your firm is operating locally, globally or multi national

- Local firm ( )
- Operating in east African region ( )
- Many countries all over the world ( )

2. If you indicated that you have operations in many countries, list the countries ----
----

----

3. Comment on how the organization expands abroad (if it does so)-------------------
----

Part 4 strategic alliances

a) Firms in the shipping industry need to monitor events inside and outside of the firm that may affect the course of their strategy. Comment of the main issues that constantly change in the shipping industry and need strategic surveillance---------
----

----

b) List the issues identified above in the order of strategic importance --------------------
----

----

c) How do these issues affect the performance of shipping companies?

Positively---

Negatively---

----

d) In the event of negative effect, how does your management manage those issues and the resultant change?---
----

Part 5: performance measurement

What are the main indicators of success in your organization?-------------------------------
----

What does being successful means for shipping companies? ---------------------------------
----

How will the senior management make sure that objectives are fulfilled and at what extent?---
----

Which are the potentials for shipping companies being successful in the future?

(The assessment of an organization's success potentials should include criteria focused on the market aspects and criteria focused on competitive strength). Explain how this is done ---
----

What is the relationship between the firm and the regulation bodies -------------------------
----

Comment on the profitability of this firm compared to the industry trends ------------------
----

Comment on the market share of this company --

Comment on the general growth of this company compared to the market leaders --------

----

Appendix III: Updated List of License Renewals for the Year 2013

	Company name	KRA pin no.	Type of business	Cert no.
1.	Access shipping & logistics ltd	P051242345s	Cargo consolidator	0124
2	A-plus shipping logistics ltd	P051225146x	Cargo consolidator	0116
3	Bollore africa logistics	P000600883u	Cargo consolidator	0108
4	Cargo world logistics ltd	P051313433q	Cargo consolidator	0092
5	Demolines freight logistics	P051207069h	Cargo consolidator	0115
6	Eael logistics kenya ltd	P051213524z	Cargo consolidator	0122
7	Fay logistics ltd	P051233922s	Cargo consolidator	0120
8	Genuine freight services ltd	P051156939q	Cargo consolidator	0127
9	Ima kenya ltd	P0511185453c	Cargo consolidator	0125
10	Logwin air & ocean ltd	P051317725d	Cargo consolidator	0123
11	Magellan logistics kenya ltd	P051318424b	Cargo consolidator	0138
12	Milan freight services	P051231683x	Cargo consolidator	0111
13	Netfreight services ltd	P051340560t	Cargo	0103

			consolidator	
14	Simpet global logistics ltd	P051168911w	Cargo consolidator	0117
15	Surelines kenya ltd	P051229863p	Cargo consolidator	0118
16	Team global logistics	P051398412c	Cargo consolidator	0113
17	Transcargo forwarders ltd	P051178541c	Cargo consolidator	0119
18	Ufanisi logistics limited	P051327604y	Cargo consolidator	0126
19	Velgi global logistics	P051367084o	Cargo consolidator	0114
20	A.m.a. al-Ammry ltd	P051119501q	Shipping agency	0132
21	Access shipping agency limited	P051344471d	Shipping agency	0182
22	Africa liner agencies	P051108895z	Shipping agency	0170
23	African shipping limited	P051152087x	Shipping agency	0164
23	Akl shipping Kenya ltd	P051369981y	Shipping agency	0152
24	Amt Kenya ltd	P051408084m	Shipping agency	0164
25	A-plus shipping agency ltd	P051221127h	Shipping agency	0179
26	Atlantic shipping agency	P051410849y	Shipping agency	0181
27	Beyond africa shipping ltd	P051414250v	Shipping agency	0183
28	Cma cgm kenya ltd	P051171485w	Shipping agency	0147
29	Diamond shipping services	P051136562b	Shipping agency	0146
30	Eagol travel kenya ltd	P051353907x	Shipping agency	0136
31	East africa commercial & shipping	P000618644c	Shipping agency	0153
32	Ecu line kenya ltd	P051115344r	Shipping agency	0101

33	Emirates shipping e.a. ltd	P051363977o	Shipping agency	0144
34	Express shipping & logistics	P051139236a	Shipping agency	0131
35	Gellati hankey limited	P051364545c	Shipping agency	0168
36	Green island shipping services	P051128234v	Shipping agency	0161
37	Gulf badr group kenya ltd	P051318780o	Shipping agency	0174
38	I messina kenya ltd	P051209950j	Shipping agency	0149
39	Inchcape shipping services	P000609406v	Shipping agency	0137
40	Ittica ltd	P051176265f	Shipping agency	0171
41	Jimlex shipping agency	P051225900r	Shipping agency	0190
42	Logistics expeditors ltd	P051341756y	Shipping agency	0140
43	Maersk kenya limited	P05109842pi	Shipping agency	0168
44	Merlion shipping limited	P051414351x	Shipping agency	0186
45	Mombasa nvocc logistics	P051227076i	Shipping agency	0098
46	Motaku shipping agency	P000619532z	Shipping agency	0185
47	Oceanfreight e.a. ltd	P000621296u	Shipping agency	0177
48	Osas shipping ltd	P051187178m	Shipping agency	0102
49	Pil kenya ltd	P051113106d	Shipping agency	0129
50	Rais shipping services	P051217302q	Shipping agency	0133
51	Rig logistics ltd	P051366743i	Shipping agency	0172
52	Sea-bulk shipping services ltd	P051096086l	Shipping agency	0158
53	Seaforth shipping kenya ltd	P000619959q	Shipping agency	0156
54	Seaglow shipping services	P051198691r	Shipping agency	0173
55	Seatrade agencies ltd	P051141096s	Shipping agency	0159
56	Seven seas shipping agencies	P051322866e	Shipping agency	0167
57	Sharaf shipping agency	P051154341z	Shipping agency	0162
58	Sima marine limited	P051391559e	Shipping agency	0184
59	Socopao kenya ltd	P000618462e	Shipping agency	0151
60	Sosco fishing industries	P000620728m	Shipping agency	0130

61	Spanfreight shipping ltd	P051093295g	Shipping agency	0128
62	Spears shipping agency	P051093793j	Shipping agency	0178
63	Storm shipping agency ltd	P051245667l	Shipping agency	0148
64	Sturrock shipping k ltd	P051130625h	Shipping agency	0143
65	Timini shipping agency	P051333296h	Shipping agency	0188
66	Top star shipping agencies	P051305995q	Shipping agency	0169
67	Wec lines kenya ltd	P000620229i	Shipping agency	0176
68	Wilhelmsen ships service	P051108896p	Shipping agency	0160
69	Wiltex marine services	P051123331h	Shipping agency	0180
70	Zam zam shipping agency	P051169412u	Shipping agency	0141
71	Emirates shipping line dmcest	-	Shipping line	0014
72	Hanjin shipping co. Ltd	-	Shipping line	0018
73	Hyundai glovis co. Ltd	-	Shipping line	0013
74	Perma shipping line pte limited	-	Shipping line	0020
75	Sarjak container lines	-	Shipping line	0016
76	Sea consortium private ltd	-	Shipping line	0017