The contribution of intangible resources to the post strategic co-operation success of container lines:  
*Perspectives of senior managers in agencies and regional offices*

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Submitted in fulfilment of the requirements for the Degree of Doctor of Philosophy  
Australian Maritime College  
University of Tasmania (July, 2012)
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The research associated with this thesis abides by the international and Australian codes on human and animal experimentation, the guidelines by the Australian Government's Office of the Gene Technology Regulator and the rulings of the Safety, Ethics and Institutional Bio-safety Committees of the University.

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Date  1st July 2012
ABSTRACT

Container lines have been the main transport mode linking most markets engaged in global trade. To cater for the growing customer demands, container lines have adopted various approaches such as forming strategic co-operations to achieve rapid growth and providing efficient services through the integration of resources. The spectrum of strategic co-operations among container lines varies from loose-knitted slot charters, liner conferences, shipping alliances, joint services and consortia, through to mergers and acquisitions (M&As). However, these forms of strategic co-operations have not always been able to achieve the intended synergetic growth resulting from the integration of resources.

The Resource Based View (RBV) suggests that integrating intangible resources, which are valuable, rare, inimitable and non-substitutable (VRIN), can make a significant contribution to the performance of post strategic co-operations. The objective of this thesis is to investigate the contribution of intangible resources to the post strategic co-operation success of container lines. Therefore, the thesis focuses on the following primary research question (PRQ):

**PRQ: Does the integration of intangible resources contribute to the post strategic co-operation success of container lines?**

To further examine PRQ two subsidiary research questions (SRQ1 and SRQ2) are explored.
SRQ1: Which intangible resources provide the greatest contribution to the market success of container lines?

SRQ2: Do container lines adopt processes to ensure the successful integration of intangible resources when strategic co-operations are being developed?

The design used for this study is a two stage methodology enabling both quantitative and qualitative research approaches. The two stage approach helps to identify firstly the senior managers’ view of the importance of intangible resources and secondly how intangible resources are integrated during strategic co-operations among container lines. The sample consists of 84 senior managers (with a response rate of 51 per cent and thus 47 usable questionnaires) attached to regional offices of leading global container lines and their agents in Colombo, the capital of Sri Lanka. The first stage was conducted via an exploratory mail survey with the objective of investigating senior managers’ understanding of intangible resources, importantly, the findings of stage one enabled more probing questions to be developed and identified suitable respondents for the second stage of the research. Due to the need for more qualitative responses, stage two was conducted as in-person interviews, with a greater, focus on (i) the extent that intangible resources were being integrated, (ii) the processes adopted to integrate intangible resources, and (iii) the organisation and economic performance of container lines during post-strategic co-operation. The in-depth in-person interviews achieved 100 per cent response rate with participation of 36 senior managers.

The findings of stage one, which addressed SRQ1, revealed that respondents attach a higher importance to intangible resource items such as the reputation of the company,
and organisational processes and capabilities. These intangible resources provide major benefits to container lines such as attracting customers and enabling internal functions of container lines including the closely related functions of marketing the services of the container lines.

During the stage two in-person interviews, differences were found in how intangible resources were integrated among Limited integrated strategic co-operations (LISCs) (shipping alliances, joint services and consortia) and acquisitions. In LISCs, due to their loosely integrated structure and antitrust laws, sailing schedules have become the only closely integrated intangible resource. Other intangible resources such as organisational processes, capabilities and organisational culture are kept away from the strategic co-operations to gain competitive edge for the individual container lines. The integration of sailing schedules in LISCs has helped the container lines to increase the frequency of services, enter into new trade routes by reducing cost.

In acquisitions, apart from sailing schedules intangible resources such as the capabilities and organisational processes of the acquirer container line are adopted by the new entity. The container lines adopted different processes such as organising staff meetings, mixed project teams, joint training sessions, and appointing task teams to integrate these intangible resources in acquisitions. However, colonising of the acquired container line with intangible resources of the acquirer container line and neglecting the important intangible resources of the acquired line has hindered the integration of acquired container line staff to the new entity. Hence, high staff turnover among senior managers was evident in all the acquisitions during the post-acquisition period. This top
management turnover, especially in the marketing functions has adversely affected the intended synergetic growth of market share of these acquisitions.

Thus, the two stage study helped address both PRQ and SRQ2 by revealing that intangible resources are important to the market success of container lines, and container lines are advised to identify these intangible resources and adopt processes to integrate them when strategic co-operations are being formed.
ACKNOWLEDGEMENTS

I have come to the end of my academic journey. It has been a long journey for me in a dark tunnel and finally, it is very pleasing to see light at the end. During my journey there were number of people who showed interest, care and support to persist while facing many challenges of this journey. My thanks to all of you and I hope you will join me in celebrating this moment. However, there are some people who deserve special mention for their support in completing this study.

Dr. Stephen Cahoon, my supervisor and mentor, your insights, comments and constructive criticism have helped me to think conceptually and laterally that need to become a better researcher. Your encouragement and support have been immeasurable for me to get to this point. Above all, the understanding, humanity and care you showed me during down times of this journey enabled me to persist towards my goal. Thank you Stephen, for that you have my deepest gratitude.

Dr. Jiangang Fei, as my co-supervisor, I am thankful to you for your valued advice and guidance during this study.

Dr. Ben Brooks, your support especially during my upgrade from MPhil to PhD has meant a lot to me. Thank you Ben.
Dianne Hazelwood, your support and kind advice is much appreciated during this journey. Thank you Dianne.

Special thanks to Bron Fein, for prompt support going through the early drafts.

Many thanks to AusAID, for providing me with necessary financial assistance to pursue my dream of PhD.

To all staff members of Department of Maritime & Logistics Management and the research colleagues, thank you all for your kindness and assistance.

To my parents, Shyamalie and Kirthi Sigera, you have always been there for me whenever I needed you most. Your unending love, support and constant encouragement motivated me to choose this path to become an academic. You gave me strength to take challenges and conquer the heights of knowledge. Thank you Mum and Dad, I am so lucky to have you as my parents.

To my wife Subhashini and two children Anuda and Siluni, words cannot express my love and appreciation for you. Anuda and Siluni, Thank you for understanding how important this study was to me. I look forward to spend more time with you.

Subhashini, you were a great motivating force behind me, sharing all ups and downs of this journey with great patience. Your rock solid nature could withstand the pressure we had during this study. If not for your love and unending support this journey would not have been possible. You are a special woman in my life whom I want to dedicate this thesis.
## LIST OF ACRONYMS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>ANZDL</td>
<td>Australia New Zealand Direct Lines</td>
</tr>
<tr>
<td>APL</td>
<td>American Presidents Line</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief executive officer</td>
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<tr>
<td>CKYH</td>
<td>COSCO Line, K-LINE, Yangmin Line, Hyundai Line</td>
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<tr>
<td>CMA-CGM</td>
<td>Compagnie Maritime d'Affrètement- Compagnie Générale Maritime</td>
</tr>
<tr>
<td>EC</td>
<td>European Commission</td>
</tr>
<tr>
<td>EDI</td>
<td>Electronic data interchange</td>
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<td>EU</td>
<td>European Union</td>
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<tr>
<td>GDP</td>
<td>Gross domestic product</td>
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<td>HR</td>
<td>Human resources</td>
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<tr>
<td>IMF</td>
<td>International Monitory Fund</td>
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<tr>
<td>IT</td>
<td>Information technology</td>
</tr>
<tr>
<td>KMO</td>
<td>Keiser Meyer Olkin (test)</td>
</tr>
<tr>
<td>LISC</td>
<td>Limited integrated strategic co-operation</td>
</tr>
<tr>
<td>M&amp;As</td>
<td>Mergers and acquisitions</td>
</tr>
<tr>
<td>MOL</td>
<td>Mitsui OSK Lines</td>
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<tr>
<td>NOL</td>
<td>Neptune Orient Lines</td>
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<tr>
<td>NYK</td>
<td>Nippon Yusen Kaisha Line</td>
</tr>
<tr>
<td>OECD</td>
<td>The Organisation for Economic Cooperation and Development</td>
</tr>
<tr>
<td>OOCL</td>
<td>Orient Overseas Container Line</td>
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<tr>
<td>PRQ</td>
<td>Primary research question</td>
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<tr>
<td>RBV</td>
<td>Resource based view</td>
</tr>
<tr>
<td>SRQ1</td>
<td>Subsidiary research question 1</td>
</tr>
<tr>
<td>SRQ2</td>
<td>Subsidiary research question 2</td>
</tr>
<tr>
<td>TAA</td>
<td>The Trans-Atlantic Agreement</td>
</tr>
<tr>
<td>TEU</td>
<td>Twenty foot Equivalent Unit</td>
</tr>
<tr>
<td>UK</td>
<td>United Kingdom</td>
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<tr>
<td>Acronym</td>
<td>Description</td>
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<td>----------</td>
<td>-------------------------------------------------------</td>
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<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
</tr>
<tr>
<td>USA</td>
<td>United States of America</td>
</tr>
<tr>
<td>VRIN</td>
<td>Valuable rare inimitable and non-substitutable</td>
</tr>
<tr>
<td>VRS</td>
<td>Voluntary redundancy scheme</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organization</td>
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</tbody>
</table>

**TABLE OF CONTENTS**

- DECLARATION OF ORIGINALITY.................................................................ii
- STATEMENT OF AUTHORITY OF ACCESS....................................................... iii
- STATEMENT OF ETHICAL CONDUCT............................................................ iv
- ABSTRACT.................................................................................................... v
- ACKNOWLEDGEMENTS ................................................................................... ix
- LIST OF ACRONYMS ...................................................................................... xi

**Chapter 1: Introduction .............................................................................. 2**

1.1 Introduction.................................................................................................. 2

1.2 Purpose of this research ............................................................................. 5

1.3 Proposed contribution of the research......................................................... 7

1.4 Overview of the thesis .................................................................................. 7

**Chapter 2: Strategic co-operations among container lines ............... 11**

2.1 Introduction.................................................................................................. 11

2.2 Development of container services ............................................................ 11

2.3 Strategies of container lines to meet global demand .................................. 17

2.4 Strategic co-operations............................................................................... 18

2.4.1 Types of strategic co-operations among container lines ...................... 19

2.4.1.1 Slot charters ..................................................................................... 20

2.4.1.2 Liner conferences ........................................................................... 21

2.4.1.3 Shipping alliances ............................................................................ 25
Chapter 2: Strategic co-operations in the container line industry

2.1 Introduction ........................................................................................................... 14
2.2 Objectives ............................................................................................................. 15
2.3 Literature review ................................................................................................. 16
2.4 Analysis of strategic co-operations in the container line industry .................. 23

2.4.1 Pool agreements (joint services) ................................................................. 27
2.4.1.5 Consortia ................................................................................................. 29
2.4.1.6 Mergers and acquisitions ....................................................................... 32
2.5 The changing container line industry due to strategic co-operations .......... 36
2.6 Factors that affect the performance of strategic co-operation .................... 39
2.7 Summary ............................................................................................................. 43

Chapter 3: Integrating intangible resources in strategic co-operations .......... 45

3.1 Introduction ........................................................................................................... 45
3.2 Development of the Resource Based View ...................................................... 45
3.2.1 Resources in an organisation context ......................................................... 48
3.3 Tangible resources ............................................................................................. 48
3.3.1 Tangible resources in container lines .......................................................... 50
3.4 Intangible resources ............................................................................................ 52
3.4.1 Intangible resources that are assets .............................................................. 55
3.4.1.1 Intellectual property resources ................................................................. 55
3.4.1.2 Organisational resources ........................................................................ 56
3.4.1.3 Reputational resources ............................................................................ 57
3.4.2 Capabilities ..................................................................................................... 58
3.4.3 Intangible resources in container lines .......................................................... 61
3.5 Rationale for strategic co-operation formation and resources ..................... 69
3.6 Processes of integration of intangible resources ............................................. 71
3.7 Performance of post strategic co-operations performance ........................... 76
3.8 Summary ............................................................................................................. 79

Chapter 4: Research methodology ................................................................. 82

4.1 Introduction ........................................................................................................... 82
4.2 Research design ........................................................................................................... 82
4.2.1 Methods for data gathering ....................................................................................... 84
4.2.2 Secondary data .......................................................................................................... 86
4.3 Stage one: Mail survey .................................................................................................. 87
4.3.1 Population design ..................................................................................................... 87
4.3.2 Selection of respondents ......................................................................................... 90
4.3.3 Development of mail survey questionnaire ............................................................... 91

4.3.3.1 Question type and measurement scale ................................................................. 93
4.3.3.2 Layout of the mail survey questionnaire ............................................................... 95
4.3.4 Pre-testing of mail survey questionnaire ................................................................. 96
4.4 Process of administering mail survey ........................................................................... 98
4.4.1 Design of cover letter .............................................................................................. 99
4.4.2 Administering the mail survey ................................................................................. 100
4.5 Stage two: In-person interview .................................................................................... 101
4.5.1 Population and sample design .................................................................................. 101
4.5.2 Selection of respondents ......................................................................................... 103
4.5.3 Development of in-person interview questionnaire .................................................. 103

4.5.3.1 Question type and measurement scale ................................................................. 106
4.5.3.2 Layout of the in-person interview questionnaires ................................................. 108
4.5.4 Pre-testing ................................................................................................................ 110
4.5.4.1 The polishing pre-test ......................................................................................... 111
4.5.5 The Process of administering in-person interviews .................................................. 111

4.5.5.1 Design of advance letter for in-person interview ................................................. 112
4.5.5.2 Process of conducting interviews ......................................................................... 113
4.6 Error control process ................................................................................................... 116
4.7 Summary ....................................................................................................................... 119
Chapter 5: Resources in container lines................................. 121

5.1 Introduction.................................................................................. 121

5.2 General characteristics of respondents.............................................. 121

5.3 Respondents’ profiles...................................................................... 122
  5.3.1 Work experience........................................................................... 123
  5.3.2 Educational and professional background............................... 123

5.4 Profile of the firms ........................................................................... 124
  5.4.1 Number of employees................................................................. 125
  5.4.2 Market performance.................................................................... 126
    5.4.2.1 Increase in market share ..................................................... 126

5.5 Relative contribution of resources .................................................... 127
  5.5.1 Reliability of the survey questionnaire ...................................... 127
  5.5.2 Intangible resources.................................................................... 130
    5.5.2.1 Reputational resources........................................................ 130
    5.5.2.2 Organisational resources...................................................... 131
    5.5.2.3 Organisational culture.......................................................... 132
  5.5.3 Capabilities................................................................................. 133
  5.5.4 Application of factor analysis..................................................... 135
  5.5.5 Findings of the factor analysis.................................................... 138
    5.5.5.1 Intellectual property resources.......................................... 141

5.6 Differences in perceptions between demographic groups...................... 142
  5.6.1 Work experiences....................................................................... 142

5.7 Tangible resources............................................................................ 144
  5.7.1 The demographic variations in tangible resources...................... 145

5.8 The overall comparison...................................................................... 146

5.9 Resources in strategic co-operations among container lines .............. 149
5.10 Summary .............................................................................................................. 150

Chapter 6: Integration of intangible resources ................................. 152

6.1 Introduction ............................................................................................................ 152
6.2 Interview response rate ....................................................................................... 153
6.3 Profile of the respondents .................................................................................... 154
6.4 Limited integrated strategic co-operations ......................................................... 156
  6.4.1 Main features of limited integrated strategic co-operations ................. 156
6.5 Motives for forming LISCs ............................................................................... 156
6.6 Integration of intangible resources in LISCs ....................................................... 158
6.7 The processes adopted to identify intangible resources ............................... 165
6.8 Processes used to integrate intangible resources .............................................. 166
  6.8.1 Staff meetings .................................................................................................. 166
  6.8.2 Task teams ...................................................................................................... 167
  6.8.3 Mixed project teams and joint training sessions ........................................... 169
6.9 The post strategic co-operation performance ..................................................... 169
  6.9.1 Organisational performance ........................................................................ 169
  6.9.2 Economic performance ................................................................................ 170
6.10 Main features and motives of acquisitions ....................................................... 172
  6.10.1 Motives for forming acquisitions ................................................................. 173
6.11 Integration of intangible resources in acquisitions ........................................... 174
6.12 Processes of integrating of intangible resources in acquisitions .................. 178
  6.12.1 Processes adopted to identify intangible resources in acquisitions .......... 179
6.13 Processes used to integrate intangible resources in acquisitions ................... 182
  6.13.1 Staff meetings ............................................................................................... 182
  6.13.2 Task team to facilitate the integration .......................................................... 184
  6.13.3 Joint training sessions .................................................................................. 185
6.13.4 Mixed project teams ................................................................. 186

6.14 The post strategic co-operation performance acquisitions .................. 187
   6.14.2 Economic performance of acquisitions ................................. 192

6.15 Summary .................................................................................. 194

Chapter 7: Summary and conclusions ............................................. 197

7.1 Introduction .................................................................................. 197
7.2 Purpose of the research .................................................................. 197
7.3 Summary of the findings ............................................................... 199
   7.3.1 Resources that contribute to the market performance .............. 199
7.4 Integration of intangible resources in LISCs ................................. 201
   7.4.1.1 Processes of integration of intangible resources .................. 202
   7.4.1.2 Post integration performance of LISCs ............................. 203
7.4.2 Integration of intangible resources in acquisitions ..................... 204
   7.4.2.1 Processes of integration of intangible resources .................. 205
    7.4.2.2 Post-acquisition performance .......................................... 206
6.15 Limitations of the study .............................................................. 208
7.5 Suggestions and recommendations for future research ................. 209
7.6 List of References ......................................................................... 211

Appendix A: Stage One Mail Survey Questionnaire ............................ 231
Appendix B: Cover Letter .................................................................. 238
Appendix C: Participant Information Sheet ........................................ 240
Appendix D: Pre-Testing Letter ........................................................... 244
Appendix E: Pre-Testing Questions: Stage One .................................... 247
Appendix F: Stage Two In-Person Interview ........................................ 249
Appendix G: Response Cards A-B .................................................................262
Appendix H: Advance Letter .................................................................265
Appendix I: Participant Information Sheet ...........................................267
Appendix J: Consent Form .....................................................................271
Appendix K: Confirmatory Telephone Call Document .......................273
Appendix L: Meeting Schedule .............................................................275
Appendix M: Explanatory Pre-Test Letter: Stage Two .........................277
Appendix N: Pre-Testing Questions: Stage Two ....................................280
Appendix O: Data Sheets ......................................................................282