



**BRUNEL UNIVERSITY, LONDON**

**The Car Manufacturer (CM) and Third Party  
Logistics Provider (TPLP) Relationship in the  
Outbound Delivery Channel: A Qualitative Study of  
the Malaysian Automotive Industry**

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## ABSTRACT

This research studies the relationship between car manufacturers (CM) and third party logistics providers (TPLP), also known as the logistics partnership, in the outbound delivery channel in the Malaysian automotive industry. It focuses specifically on the dyad perspective, and demonstrates that several critical success factors are required for a successful relationship between these two parties. Five such factors emanate from the operational dimension and eight from the relational dimension. The five operational factors are: logistics service performance, investment, information sharing, information technology and communication, and price of the logistics service; and the eight relational factors are: trust, commitment, power, conflict, dependency, co-operation, informal activity, and understanding.

The study also reveals that five outcomes are identified that benefit both the CM and the TPLP as a result of the win-win situation accruing to both parties. These are: renewal of the contract, company profitability, improved logistics service performance, knowledge transfer, and company branding. Such benefits enhance the supply chain relationship, and knowledge of these advantages improves current TPLP theory by deepening the understanding of how logistics partnership can succeed.

In order to obtain rich data concerning the CM-TPLP relationship, the researcher adopted a different methodology from that used by previous scholars, who have concentrated on quantitative techniques. In this study, multiple case studies (seven in total) in one industry, the automotive industry, in the non-western context of Malaysia, were conducted. Three main steps in the case study protocol were followed. The first involved a review of the literature pertaining to the themes that required further exploration, together with the development of the interview questions. In the second step, data were collected using semi-structured interviews, observations, document reviews, photographs and also archival records. Qualitative content analysis was used to analyse the qualitative data. The third stage involved exploring the data until it was found that nothing new was emerging from the interviews, and hence theoretical saturation had occurred. At this point the factors in question were confirmed, and the initial model revised. Additionally, confidentiality was maintained in all respects to protect the participating organisations and individuals.

The findings contribute to the understanding of the CM-TPLP relationship which enhance supply chain relationship and TPLP theory, since they shed light on the operational and relational factors in one specific industry, from a dyadic perspective, and in a non-Western context, thereby adding new dimensions to the existing body of knowledge in this field. The findings benefit practitioners via the novel LPS (logistics partnership success) model generated by the researcher. This indicates the key contributory factors to the CM-TPLP relationship success. Moreover, the study may have the capacity to generalise to other culturally-similar environments.

**Keywords:** Third Party Logistics Provider, Car Manufacturer, automotive, logistics partnership, Malaysia.

## **DEDICATION**

This doctoral research is dedicated specially to my lovely husband and my children Adam, Balqis and Alif. This appreciation also goes to specially my parents, parents-in-law, brother, sister and all family members, and my close friends for their endless love, continuous support and prayers.

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*“As to those who believe and work righteousness, verily we shall not suffer to perish the reward of any who do a (single) righteous deed”*

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## LIST OF ABBREVIATIONS

AP	–	Approval Permit
ASEAN	–	Association of Southeast Asian Nations
B2B	–	Business-to-Business
CAQDAS	–	Computer Assisted Qualitative Data Analysis Software
CCI	–	Customer Complaint Index
CLM	–	Council of Logistics Management
CM	–	Car Manufacturer
CSCMP	–	Council of Supply Chain Management and Professionals
CSI	–	Customer Satisfaction Index
GPS	–	Global Positioning System
IMP	–	Industrial Marketing and Purchasing Group
IMP3	–	Industrial Master Plan 3 (2006-2020) – Malaysia
IT	–	Information Technology
LM	–	Logistics Management
LPS	–	Logistics Partnership Success
LSP	–	Logistics Service Performance
MAA	–	Malaysian Automotive Association
MIDA	–	Malaysian Industrial Development Authority
MITI	–	Ministry of International Trade Industry
MLC	–	Malaysian Logistics Council
NVivo9	–	Qualitative Tools Software
RM	–	Relationship Marketing
RORO	–	Roll On Roll Off
RQ	–	Relationship Quality
SAP	–	System Application Programming
SCM	–	Supply Chain Management
SCR	–	Supply Chain Relationship
SLA	–	Service Level Agreement
SSI	–	Sales Satisfaction Index
TCT	–	Transaction Cost Theory
TPLP	–	Third-Party Logistics Provider
QDA	–	Qualitative Data Analysis

## **GLOSSARY OF TERMS**

### **Buyer**

Buyer generally refers to a customer who pays an amount of money to obtain a service or product. However, for this thesis, specifically, it refers to the term used to explain the customer of the third party logistics provider (TPLP). In this research the buyer is the car manufacturer or the car assembler.

### **Car Manufacturer (CM)**

This term can refer to any company that assembles or produces a car. In this research, the car assembler or the car manufacturer are both known as car manufacturer and also regarded as the buyer of the TPLP's product, namely transportation.

### **Distribution**

This is the activity in the supply chain that includes inbound and outbound logistics. Distribution in this research context is the distribution for delivery of the finished product, cars.

### **Logistics**

This can refer to the process of the movement of the product from one location to another, which can be divided into inbound and outbound logistics. Inbound logistics refers to the receiving and warehousing of raw materials and their distribution to manufacturing as they are required, while outbound logistics refers to the warehousing and distribution/transportation of the finished goods. In this research, the focus is on outbound logistics, which is the movement of the finished product, the car, from the CM to the dealers across Malaysia that is undertaken by the TPLP.

### **Logistics Partnership**

This refers to voluntary repeat business between the TPLP and a customer where the behaviour is planned, co-operative, and intended to continue for mutual benefit, and is perceived by both parties as a relationship. The customer, here, is the buyer of the TPLP's products such as transportation. In this research, it refers to the relationship between the CM and the TPLP.

### **Logistics Service Performance**

This refers to the quality of the logistics service provided by the TPLP.

### **Relationship Marketing**

This refers to activity for winning and keeping the customer.

### **Provider**

This refers to the party who offers a product or service(s) to a customer for an agreed amount of money. The provider (seller) in this research context, is the TPLP.



**Successful Logistics Partnership**

This refers to a repeated business relationship between the business company and the TPLP, and it embodies better or improved logistics performance and reduced cost on behalf of the business customer and on the TPLP side, company profitability and loyalty.

**Supply Chain Management**

This refers to the management of supply chain activity in order to ensure that all links in the chain are effective. The most important thing in supply chain management is the management of the relationship between partners.

**Supply Chain Relationship**

This refers to a relationship among parties in supply chain activity, and implies that the various parties need each other as they cannot do everything on their own.

**Third Party Logistics Provider (TPLP)**

This is an external party that is expert in logistics activities and offers products such as transportation, warehousing and inventory management to its customers.

**Transaction**

This refers to a basic unit of analysis in a dyadic relationship whereby a transfer of price or product/service is established between parties.

# LIST OF PUBLICATIONS ARISING FROM THE THESIS AND INTERNATIONAL MEMBERSHIP

## Article Journal

1. The Establishment of Industrial Branding Through Dyadic Logistics Partnership Success (LPS): The Case of Malaysian Automotive and Logistics Industry.  
*(Will be submitted to the Industrial Marketing Management Journal, 3\* journal on 15<sup>th</sup> July 2012 to Editor and panel reviewer).*

## Conference Proceedings (Peer Reviewed).

1. Relationship Marketing in Logistics: An Investigation of the Buyer-Provider Relationship.  
*(Academy of Marketing Conference Proceedings, July 2010, Coventry)*
2. An Investigation into Satisfaction in the Buyer-TPLP Relationship.  
*(International Logistics and Supply Chain Congress 2009 Proceedings, November 2009, Istanbul, Turkey).*
3. Antecedents and Consequences of Customer Relationship Satisfaction in Business-to-Business Environment: The Case of TPL Company.  
*(Academy of Marketing Conference Proceedings, July, 2009, Leeds, UK)*

## International Memberships

1. Chartered Institute of Logistics and Transport, UK.
2. Academy of Marketing, UK.

# **CHAPTER ONE: INTRODUCTION AND BACKGROUND TO THE RESEARCH**

## **1.0 Introduction**

This opening chapter of the thesis provides a general overview of the motivation for, and background to, the current research. Section 1.1 presents the background information and formulates the problem statement that constitutes the basis of the research intent. Section 1.2 explores the gaps in the current research material. Section 1.3 introduces the research questions and subsequently the aims and objectives of the research, and this is followed by Section 1.4, which outlines the context of the research, i.e. the automotive and logistics industry in Malaysia. In Section 1.5 the research methodology and approach are briefly explained. Section 1.6 discusses the research findings, novelty and contribution. Section 1.7 outlines the organisation of the thesis and finally Section 1.8 provides a conclusion to this chapter of the thesis.

## **1.1 Research Background and Problem Statement**

Managing the relationship between Third Party Logistics Providers (TPLPs) and their customers (also known as the buyers) in the supply chain activity, especially in the delivery channel, is crucial as it can increase company competitiveness and give added value to both parties (Chen *et al.*, 2010; Daugherty, 2011; Halldorsson and Skjott-Larsen, 2004; Knemeyer and Murphy, 2004; Lambert *et al.*, 2004; Marasco, 2008; Tate, 1996; Thomas and Skinner, 2010). This dyadic relationship between the buyer and the TPLP is also known as the logistics partnership. Essentially, the focus on the study of logistics partnerships dates back to the 1960s, when the term ‘logistics’ was introduced and the related activities were seen to play a critical role in the supply of goods (Lummus *et al.*, 2001). As has been recognised, supply chain activity is made up of the material flows chain, which is from the supplier to the manufacturer, manufacturer to wholesaler, wholesaler to retailer, and retailer to the customer. It could be noted that this chain has been researched broadly and that the different aspects of supply chains have been largely investigated. Examples are: supply chain collaboration (Ellinger *et al.*,

2006; Holweg *et al.*, 2005; Kahn *et al.*, 2006; Kwon and Suh, 2004; Skjoett-Larsen *et al.*, 2003; Stank *et al.*, 2003), dyadic relationships such as supplier-manufacturer (Cambra-Fierro and Polo-Redondo, 2008; Davis and Mentzer, 2006; Terpend *et al.*, 2008); manufacturer-retailer (Aastrup *et al.*, 2007; Mohd Roslin and Melewar, 2004; Morris and Carter, 2005; Vlachos *et al.*, 2008); buyer-supplier (Canon and Homburg, 2001); buyer-Third Party Logistics Provider (TPLP) (Daugherty, 2011; Deepen *et al.*, 2008; Grant, 2005; Mentzer *et al.*, 2001; Rafiq and Jaafar, 2007), and triads in supply networks (Bask, 2001; Choi and Wu, 2009).

The key argument behind all these terms appears to be that channel members are unable to survive by themselves successfully, and therefore, they need to establish close collaboration with other members in the supply chain (Leeuw and Fransoo, 2009; Rinehart *et al.*, 2004). As a result, an external party is used to perform certain business functions, such as logistics activity, for these channel members. The researcher is motivated to explore the inter-firm relationship between buyers and the TPLP, also known as the logistics partnership, as there is a shortcoming in the available research into this issue in as much as what has been done fails to explain the success factors associated with this relationship in a holistic manner, from the dyadic perspective. The buyer refers to the customer of this TPLP, i.e. the organisation that buys the TPLP product, which in this research study, refers to transportation activity. In the basic chain, the involvement of the logistics provider (TPLP) is not really clear as this is the party behind the chain. In fact, its roles are important for both the inbound and outbound activity since without logistics, the supply chain activity will not operate effectively, and may fail completely. Hence, this provides the rationale for undertaking the research into the logistics partnerships within the supply chain.

Research focusing on TPLPs in the delivery channel in most of the marketing, supply chain, and automotive journals is still lacking (Daugherty, 2011; Laosirihongthong *et al.*, 2011; Marasco, 2008). Moreover, with regards to the relationship with the TPLP, more studies are needed in a wider context as Marasco (2008) emphasises that organisations increasingly need to learn about the factors that could strengthen that relationship. In fact, previous studies have focused more on the relationship between the main channel members such as supplier-manufacturer and manufacturer-retailer (for example, see Terpend *et al.*, 2008; Vlachos *et al.*, 2008). It should be noted that the use of TPLPs to perform inbound and outbound logistics in the supply chain distribution

activity is becoming widespread in the industry worldwide due to the fact that most organisations realise that they require vast improvements in their logistics to ensure their supply chain is more effective. In fact, in developed countries like the USA, the UK and most of Europe, the use of TPLPs to perform logistics activities is increasing annually (Lieb and Butner, 2007). According to Economy Watch on 11<sup>th</sup> August, 2011, the revenue generated by TPLPs every year is as much as between \$100 million and approximately \$500 million (Economy Watch, 2011). Globally, in the 21<sup>st</sup> Century, there has been an increased recognition that firms need to build and manage closer or long-term relationships with their working partners. This is fundamental as the competition and the success of any company nowadays is not only derived from the product offered, but most importantly from the relationship with its channel members. Therefore, developing a long-term relationship among these channel members is highly desirable (Doyle and Stern, 2006). Without a foundation of solid relationships, it is likely that any attempts to effectively control supply chain activities will flounder (Lambert *et al.*, 2004).

Past research has clearly shown that the supply chain can be strengthened through establishing longer-term and mutually-beneficial relationships among members in the supply chain (Bowersox *et al.*, 2010; Ellram and Cooper, 1990). There are several research studies that focus on the logistics partnership (for example see: Boyson *et al.*, 1999; Ellram and Cooper, 1990; and Knemeyer and Murphy, 2004). However, there is still a void in respect of how the parties work together to achieve mutual benefit (Daugherty, 2011; Marasco, 2008). Essentially, this study is justified on the grounds that the problem is a real phenomenon and studies so far undertaken in the field have not investigated the way in which the parties consolidate their relationship (Daugherty, 2011). The next sub-section will discuss this gap in the existing research, and indicate how the researcher has developed the focus of this current study.

## **1.2 Research Gap**

The literature review has identified many gaps in the research reported to date, relating to the context, method and perspectives. For example in terms of the context, there has been a concentration on Western countries; in respect of the method, the emphasis has been on a positivist approach; and regarding the perspective, there has been more attention paid to the customer. In discussing this situation in a little more detail, it can

be seen that over the years, there have been various studies pertaining to the supply chain relationship in different disciplines such as the buyer-supplier or buyer-seller relationship, and logistics partnership (Daugherty, 2011; Terpend *et al.*, 2008; Wong *et al.*, 2010). However, in terms of the logistics partnership, there are certain aspects of that relationship which require clearer explanation since previous studies have concentrated more on the inbound or general perspective, resulting in a limited understanding of what is happening on the outbound side (Griffis *et al.*, 2007; Knemeyer and Murphy, 2005a; Mentzer *et al.*, 2001; Rafiq and Jaafar, 2007). Another focus of previous research has been the multi-industry level rather than particular industries (see Lambert *et al.*, 2004; Mentzer *et al.*, 2001; Rafiq and Jaafar, 2007; Wallenburg, 2009). And yet another limitation of studies of the logistics partnership is their concentration on only one party to the relationship rather than both (Daugherty, 2011). In order to obtain a more informative picture of the logistics relationship, any investigation should be conducted from both perspectives (CM and TPLP) since only this approach allows for the development of a solid understanding of the logistics relationship for the purpose of theory building.

There is also another group of researchers who are interested in the decision-making associated with choosing a TPLP, and who explore how the choice is made. As explained in the literature, one of the main reasons why many organisations use TPLPs is their wish to focus on their core business activity (Lynch, 2000; Wilding and Juriado, 2004). From this it can be appreciated that for main channel members like manufacturers, the development of their logistics relationship is extremely important. In developing regions such as South East Asia (SEA), it is recognised that the use of a TPLP is crucial in certain heavy industries, especially the automotive and construction industry. Having a TPLP is highly important in these industries as they do not have their own logistics capability or expertise and there is a constant need to concentrate on their core business activity. The costs associated with logistics would also be considerably higher if the function were to be performed in-house. However, in the academic research context, less attention has been given to Eastern countries than to Western countries (Boyson *et al.*, 1999; Daugherty, 2009; Grant, 2005; Jaafar and Rafiq, 2005; Knemeyer *et al.*, 2003; Knemeyer and Murphy, 2005a, 2005b; Lieb and Bentz, 2005a, 2005b; Mentzer and Hult, 2001; Rafiq and Jaafar, 2007; Sauvage, 2003; Stank *et al.*, 2003; Wallenburg, 2009), and clearly, in an era of globalisation, there should be more research in the area of logistics partnerships in the global context.

Research in this region is also important to provide knowledge of the logistics relationship in the Asian context since there might be a difference between the findings and practices of Western and non-Western economies. Therefore, it could be concluded that studies that cover the Eastern context are long overdue and that their absence renders the literature incomplete. Indeed, considering the evolution that has occurred from physical distribution to logistics management, and to supply chain management, the key factor in that transition is the issue of relationships. That factor is critical as partners become a part of the company and, therefore, developing close relationships with partners is mutually beneficial. This will be further explained in detail in Chapter Two.

As far as the relationship with the TPLP is concerned, this is the area where the least amount of research has been conducted. Previous research, and particularly a study by Paulraj *et al.* (2008), fails to explain the establishment of the dyad relationship. Before that, Ackerman (1996) gave several reasons why logistics partnerships could fail; the two main factors he highlighted were the partner (buyer) not being able to tolerate the TPLP when delivery was not made on time, and there being no understanding from each party about the job to be done. However, these arguments were not proposed on the basis of empirical research. Also, in the context of the buyer-TPLP relationship, Capgemini *et al.* (2007) and Lieb and Bentz (2005a) agreed that there is a change in the nature of this relationship when the co-ordinating forces (Lambert *et al.*, 2004) are from both financial and relational factors (Rese, 2006). Against this background, there has been a call from Daugherty (2011) and Marasco (2008), for future research to explore the factors and the processes that bond partners and strengthen the chain relationship. This reflects the fact that there remains a serious need for both buyers and providers of logistics activities to better understand the nature of their relationship.

Most studies so far have been focused on the operational side of the TPLP, for example, on such issues as the logistics service performance provided by the TPLP and how it affects the buyer's organisational performance (Bhatnagar *et al.*, 1999; Berglund *et al.*, 1999; Boyson *et al.*, 1999; Daugherty *et al.*, 2009; Grant, 2005; Griffis *et al.*, 2007; Kun-Cho *et al.*, 2008; Mentzer *et al.*, 2001; Min *et al.*, 2007; Power *et al.*, 2007; Sohail and Sohal, 2003; Stank *et al.*, 2003; Wallenburg *et al.*, 2010). On the other hand, there are also studies that explore the importance of the use of information technology in a partnership (see Daugherty *et al.*, 2009; Evangelista and Sweeney, 2006; Gutierrez and

Duran, 1997; Jeffers, 2010; Lai *et al.*, 2008; Lewis and Talalayevsky, 2000; Power *et al.*, 2007; Sanders, 2005) for better communication in the logistics process (Evangelista and Sweeney, 2006; Lee and Whang, 2000; Klein and Rai, 2009; Mohr and Sohi, 1995; Mohr and Spekman, 1994; Yu *et al.*, 2001). All of these terms appear in previous analyses, and are referred to by current researchers as **operational factors** that might affect the success of the logistics partnership.

It could be concluded that past scholars study particularly, the relationship between main channel members such as manufacturer-wholesaler and wholesaler-retailer, overlooking the relationship with other intermediaries such as the TPLPs. Furthermore, existing research on the distribution channel relationship mostly focuses on relationship marketing perspectives that consider for example, factors of trust, commitment, conflict dependency and power among the channel members (Gaski, 1984; Golicic and Mentzer, 2006; Hofer and Knemeyer, 2009; Keller, 2002a; Lages *et al.*, 2008; Lusch, 1976; Lusch and Brown, 1982; Maloni and Benton, 2000; Morgan and Hunt, 1994; Morris and Carter, 2005; Payan *et al.*, 2010; Thomas and Skinner, 2010; Wilkinson, 1973; Wilkinson, 1981; Woo and Ennew, 2004; Zhuang and Zhou, 2004). As far as the logistics context is concerned, it should be stressed that here there is a substantial gap caused by the fact that most researchers have preferred to consider only the factors of trust and commitment, thereby neglecting the importance of other relational factors in the partnership, such as power, dependency and conflict. These **relational factors** suggest that trust is a core relational factor in any relationship but the other relational factors are also important for the success of a relationship whether it is a business-to-consumer (B2C) relationship or business-to-business (B2B) relationship.

Therefore, there is a strong motivation on the part of the researcher to understand what the actual factors are that contribute to the success of the logistics partnership between the CM and the TPLP. Further, it is also important to discover how operational and relational factors influence this CM-TPLP success. From the above explanation, it can be concluded that combining both operational and relational factors in one investigation into the logistics partnership is worthwhile, since it allows the researcher to further develop and enhance the current understanding of the construct of the logistics partnership success (LPS). To the researcher's best knowledge, there is still not much written on these two main factors in analysing the logistics partnership, in one specific industry, in a non-Western context, and from both sides' perspectives.



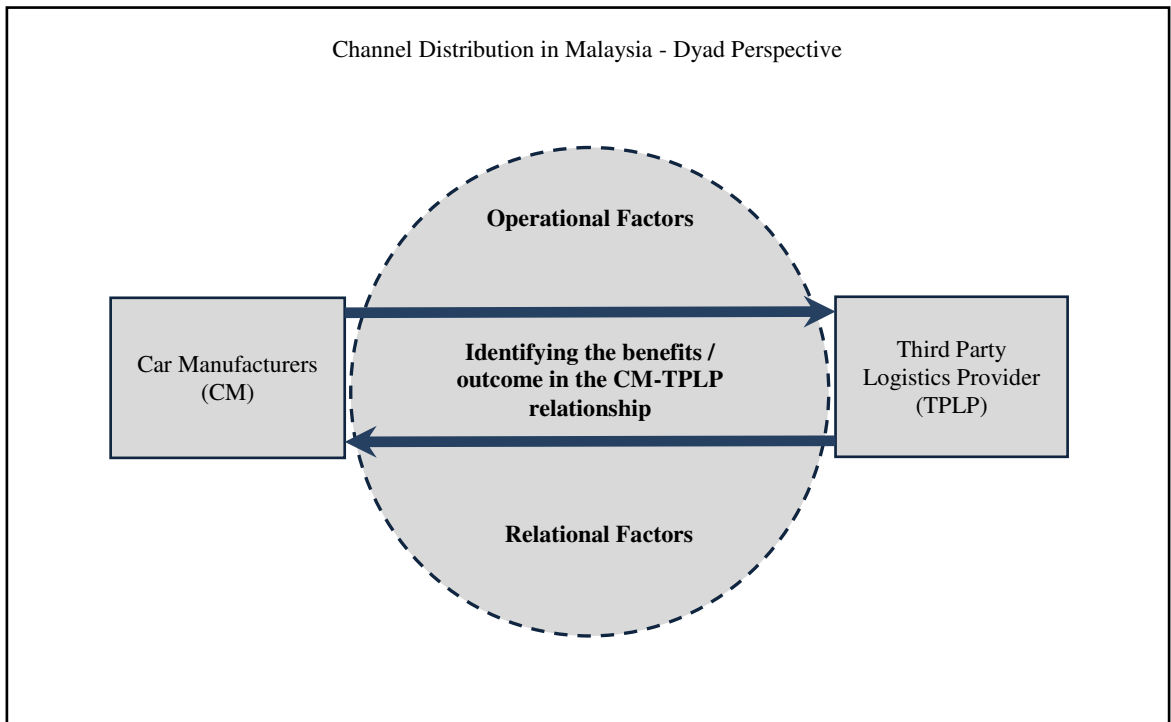
At the same time, it is envisaged that having identified what constitutes a successful logistics partnership, the study will implicitly highlight the benefits to be gained by both parties. This is reflected in the research questions, and in the main aim and objectives of the study as outlined in Section 1.3.

Hence, from the above discussion on the research gap, the researcher is motivated to investigate the relationship between the CM and the TPLP in terms of the issue of challenge (relational and operational aspects) and benefit (the outcome from the CM-TPLP success) in the Malaysian Automotive Industry. Malaysia has been chosen as the study context since most literature on the buyer-TPLP relationship has been focused on countries in the West such as most of the European continent and USA, and less so on Asia. Furthermore, it has been claimed that the automotive industry in Malaysia is one of the biggest automotive industries in the South East Asia region (Yassin, 2009). Moreover, automotive outbound delivery channels involve transporting finished cars to the dealers, which involves a high-value product. As a result, the effective management of this logistics partnership is vital. Additionally, research into one specific industry allows the researcher to study processes and events in a normal and uncontrolled environment, which facilitates the ability to interpret the phenomena and gain a wide range of information and rich data to enhance existing theory. The context of the research is explained briefly in Section 1.4 and is discussed in detail at the end of Chapter Two. For the purposes of this research, the car manufacturer (CM) is defined as a company that produces or assembles cars in Malaysia. At the same time, the CM is also the buyer of the service provided by the TPLP. The TPLP (the logistics provider) offers transportation services to the CM (again across Malaysia). Specifically, this research only focuses on the transportation which is the delivery of the finished product, cars to the car dealers across Malaysia effected by the TPLP on behalf of the CM in Malaysia.

Figure 1.1 shows the crux of this research, motivated by the gaps identified thus far. From Figure 1.1, it can be seen that there is an intrinsic relationship between the CM and the TPLP. This is shown in the diagram as the arrows from left to right and right to left. Also, the diagram explains and highlights the fact that there are two main issues under investigation, namely **operational factors**, which refer to logistics service performance, investment, IT use in communication issues, and information sharing; and **relational factors**, which refer to relationship characteristics that relate to relationship

quality such as trust, commitment, power, dependency and conflict. Additionally, benefits which relate to the outcome from the CM-TPLP success are also examined in this research. The results of this study are discussed in Chapter Five and Chapter Six.

**Figure 1.1:** The CM-TPLP Relationship Studied in this Research



Source: Developed by the researcher

The next sub-section discusses the research questions developed for investigation, and presents the research aim and objectives which naturally flow from those questions.

### **1.3 Research Questions (RQ), Aim and Objectives**

The issues discussed briefly so far are considered in detail in Chapter Two.

#### **1.3.1 Research Questions (RQ)**

- i. How do Operational Factors affect the success of the CM-TPLP relationship in the outbound automotive delivery channel in Malaysia from the two perspectives of, the CM and the TPLP?

- ii. How do Relational Factors affect the success of the CM-TPLP relationship in the outbound automotive delivery channel in Malaysia from the two perspectives of, the CM and the TPLP?
- iii. What are the outcomes of a successful CM-TPLP relationship in the outbound automotive delivery channel in Malaysia from the two perspectives of, the CM and the TPLP?

### **1.3.2 Research Aim**

This research focuses on the logistics partnership between the CM and the TPLP in the Malaysian Automotive industry, focusing on the outbound delivery channel. The overarching aim of the study is:

To clarify how the CM and TPLP work together to achieve mutual benefit, and specifically to examine and evaluate the actual factors that contribute to logistics partnership success (LPS). This steers the investigation towards two key factors, namely operational and relational factors; and towards a consideration of the impact upon organisational performance from the perspective of the benefits to be accrued from a successful relationship. From this investigation, it is intended to develop and validate a model of a successful logistics partnership.

### **1.3.3 Research Objectives**

In order to achieve the above wide and general aim, the following list of objectives is formulated.

- i. To understand the nature of the logistics partnership across multiple distribution channels including the delivery channel via a review of the literature.
- ii. To identify what the contributing factors and outcomes are in the logistics partnership (between the CM and TPLP) through data collection.
- iii. To evaluate operational, relational and outcome factors in the logistics partnership (between the CM and TPLP) through analysing the data collected across the dyad.

- iv. To develop a model of the successful logistics partnership between the CM and the TPLP by linking the contributing factors and the outcome as a result of the empirical data analysis.

It is important to note here that these four objectives have been addressed in detail in Chapter Seven which explains how the researcher has met the aim and objectives of the study throughout all the seven chapters in this thesis. In brief, Research objective 1 is achieved by the development of three taxonomies in Chapter Two. Research objective 2 is met with the development of the research propositions, conceptual model and data collection. Research objective 3 is achieved by analysing the data across seven cases, and Research objective 4 is obtained with the development of new revised model.

#### **1.4 Automotive and Logistics Industry in Malaysia**

Essentially, the empirical context of this research is that of the automotive and logistics industry in Malaysia. The automotive industry in Malaysia is recognised as one of the important industries that improve the country's economy. It is significant that the local logistics industry in Malaysia began to flourish in conjunction with the proliferation of the national automotive industry with the creation of Perusahaan Otomobil Nasional (PROTON) – Malaysia's first national car maker in the 1980s and with the development of the other car manufacturer and assemblers in Malaysia (see section 2.5). Since then, it has been recognised, especially within the Malaysian Government, that the local automotive industry requires further consolidation and strengthening to remain competitive globally (Mohamad, 2010, Minister of Trade and Industry).

In light of this, the Malaysian Government established the Malaysian Logistics Council (MLC) under its Third Industrial Master Plan (IMP3) as a focal point for the overall co-ordination of policies, strategies and regulations within the logistics industry. Under IMP3, the logistics industry is expected to expand by 8.6% during the plan period (2006-2020) and is estimated to contribute 12.1% to the country's gross domestic product by 2020. For this reason, the research has chosen to focus on the automotive industry, because clearly it plays a significant role in the development of the Malaysian economy (MITI, 2008). The rationale for this choice is also enhanced by the fact that there is a dearth of previous research examining the buyer and TPLP relationship in the

context of the automotive industry especially in the outbound perspective, as discussed earlier in Section 1.2.

Moreover, it is important to note that there is a difference in TPLP operation in the Malaysian automotive industry whereby there are different service providers for inbound and outbound logistics activity. The focus of the current research is on the outbound aspect as it pertains to the transportation of high value products – cars - directly to the end customer, which will affect customer satisfaction and company reputation. Due to this distinctive aspect within the Malaysian automotive industry, and the fact that the inbound side (the distribution of the material to the manufacturer for production) has been studied previously, the inbound aspect is not included in the current research.

Thus, it is envisaged that this research will provide a valuable contribution to the development of the supply chain relationship and TPLP theory, and also to the industry itself. For the purposes of this study, the information about the players in the automotive industry is gathered from the Malaysian Ministry of International Trade and Industry (MITI, 2010).

It should be emphasised here that whilst this study is concentrated on Malaysia, and there will clearly be some cultural influence on the relationship, possibly as a result of national and/or organisational culture, the issue of culture does not represent a focus of the research. A lack of attention to cultural will in fact be a limitation of this research, but a detailed justifications for its omission is provided in Chapter Two in section 2.5.

## **1.5 Research Methodology**

This research adopts a qualitative research methodology by employing the multiple case study method (and indeed uses seven cases). The use of a qualitative method is in line with advice from Martinez and Poole (2004, p. 236) that “*a qualitative approach is the appropriate methodology as the starting point in theory building*”. As suggested by Meriam (1998), a qualitative approach is required when the research objective is to understand phenomena or to interpret the uniqueness of an event. Recently Grant *et al.* (2010) have called for more qualitative research into logistics and supply chain management as a result of limitations in quantitative approaches. Indeed, previous

studies on the buyer-TPLP relationship are mostly based on surveys (Boyson *et al.*, 1999; Daugherty *et al.*, 1996; Daugherty *et al.*, 2009; Evangelista and Sweeney, 2006; Fernie *et al.*, 2000; Grant, 2005; Jaafar and Rafiq, 2005; Knemeyer and Murphy, 2005a,b; Kun Cho *et al.*, 2008; Lai *et al.*, 2008; Morris and Carter, 2005; Power *et al.*, 2007; Sanders, 2005; Tian *et al.*, 2008; Wallemberg *et al.*, 2010), so this study will provide new insights. Matopoulos *et al.* (2007) suggested the use of qualitative methodology in studying relationships in order to achieve literal or theoretical replication (Yin, 2003). And Marasco (2008) proposed case study research as a means of offering a clearer view through in-depth investigation within the dyad between the buyer and the TPLP. Moreover, other logistics researchers emphasise that adopting a case study method is significant in logistics research in order to secure a clearer understanding about observable phenomena (Aastrup and Halldorsson, 2008; Ellram, 1996; Flyvbjerg, 2006; Naslund, 2002) as the case study approach is derived from the “*desire to understand complex phenomena*” (Yin 2003, p.2). Therefore, the researcher feels justified in the decision to conduct this study in a qualitative manner.

The method chosen to gather the data is the interview, and 22 interviews have been conducted in 14 organisations which themselves represent the seven case studies in this research. The 14 organisations involved are comprised of seven CMs and seven TPLPs, thereby presenting seven dyadic relationships (between a CM and TPLP), that relationship constitutes the unit of analysis in the study. By adopting a multi-case perspective and investigating seven different cases, it is believed that more understanding will be gained concerning the CM-TPLP relationship, and that greater generalisation will be afforded. Indeed, according to Yin (2003, p. 46), “*the evidence from multiple cases is often considered more compelling, and the overall study is therefore regarded as being more robust*”.

Additionally, as a means of ensuring valid and reliable data, prior to collection of the data for the main study, the researcher sought expert opinion to help in the development of relevant lines of questioning (Yin, 2009) This was done in December 2010, when the researcher mailed the proposed questions to two individuals in Malaysia, one an academic, and the an automotive consultant. It should also be noted that the conceptual model proposed by the researcher (and upon which the interview questions were founded) was also verified with two individuals (one from a CM and one from TPLP) via telephone conversations in January 2010. This was a formative exercise to help the

researcher to confirm the proposed model, to provide some conceptual clarification, and validate and confirm that the two main constructs - namely operational and relational – are indeed, the two key contributing factors to the success of the logistics partnership between the CM and the TPLP in the Malaysian automotive delivery channel.

For the purpose of increasing the reliability of this research, the researcher followed a well-established methodological guideline, a case study protocol (Eisenhardt, 1989) as suggested by other researchers (McCutcheon and Meredith, 1993; Meredith, 1993; Lockstrom *et al.*, 2010; Rowley, 2002; Voss, 2003; Yin, 1994). This is divided into three phases and includes an overview of the project and interview questions (Rowley, 2002). In the first phase of the case study protocol, the researcher developed an initial conceptual model based on a thorough review of the literature and from the main gaps found from past studies. The review of the literature covered a number of respected journals within the research area (see Section 2.0 for details) in order to identify the important gaps and limitations of existing research with the development of three taxonomies which highlight the issue being investigated in this study. These three taxonomies were then used to justify the key factors to be further explored in this study, and subsequently used as the underpinning for the development of propositions and the initial conceptual model in Chapter Three. At this stage, the reason for writing a proposition in this research is not to test the main fieldwork but to help the researcher to collect the data beyond her research area. This is in line with the work by Irani *et al.*, (2008) and as advised by Yin (1994), in which a proposition is developed in qualitative research not to test but to help the researcher collect the data within the research context.

In this research, the cases were arrived at through purposive sampling techniques and a snowball sampling technique. These types of sampling were chosen since they enable the researcher to select cases that are believed to yield the kind of information required to answer the research questions, and simultaneously they enable the researcher to identify the individuals who are able to answer the research questions (Neuman, 2005). Interview questions were also crafted at this stage and subsequently checked by experts from academia and also from the automotive industry in Malaysia. As a result, the interview questions were reduced from the original total of thirty seven (37) to eighteen (18) to avoid repetition of the same questions and to limit the length of each interview (approximately 60 minutes). In this research, the interviews were conducted in English

as the people involved in the business sector in Malaysia are recognised as being proficient in the English language (Lim, 2001).

In the second phase of the case study protocol of this research, the conceptual model developed was examined through semi-structured interviews and data analysis. The rationale for using semi-structured interviews in this research is because it allows new lines of questioning to be introduced during the interview session depending on how the interviewee responds to the questions. However, it was appreciated that any new questions that may arise might be beyond the main themes within the interview guide developed by the researcher. It was also understood that the questions asked during the interview session might not follow the intended sequence (Saunders *et al.*, 2009). In this study, the interviews were conducted during a period of two months in 2011 (20 Jan – 24 March) each lasting for an average of one hour. During the interview session, the researcher asked the interview questions (following the guide), which as suggested by Lindlof and Taylor (2002, p.195), is generally beneficial for interviewers as it is an informal “*grouping of topics and questions that the interviewer can ask in different ways for different participants*”. As discussed above, interview guides help the researcher to concentrate on the issues at hand without constraining them to a particular format. Such an approach is helpful in allowing modifications to questions that might become necessary according to the context and the response of the interviewees (Lindlof and Taylor, 2002). All the interviews were tape recorded with the permission of the participants, and immediately after the interviews, the researcher transcribed the recorded interview proceedings to produce text documents.

The data was subsequently analysed using a thematic approach, also known as qualitative content analysis. This is an interpretation method for qualitative interviews (Kolbarcher, 2006; Miles and Huberman, 1994). The researcher starts the analysis with within-case analysis and this is followed by cross-case analysis. In this research, the researcher also used CAQDAS (computer assisted qualitative data analysis software), NVivo9 software. The use of qualitative software tool NVivo9 helps the researcher to work and organise the data systematically while conducting the coding process (Bazeley, 2002; Lewins and Silver, 2007). In the coding process, the researcher proceeds line-by-line through the text data repeatedly in order to break down the data, develop coding and make connections between each construct. This is referred to as the data reduction process (Miles and Huberman, 1994). In within-case analysis, the



researcher develops a case description and relies on theoretical proposition strategies in analysing data (Yin, 2009). The researcher also uses pattern-matching techniques (Yin, 2009) to compare an empirically-based pattern with a predicted one (together with several alternative predictions) as suggested by Trochim (1989). At the same time, the researcher also used the functions of matrix coding query and text query in NVivo9 in order to help consider what the interviewees said about each factor. It is important to note that this qualitative data analysis involved a back and forth process (Miles and Huberman, 1994; Lewins and Silver, 2007).

In the third phase of the case study protocol, the researcher validates and revises the proposed conceptual model based on the findings from the second phase. This stage is referred to as bringing the results and findings to closure. As Eisenhardt and Graebner (2007) claim, central to building theory from case studies is replication logic which allows the revised model to be developed based on the exploration of the seven cases. This is achieved when the researcher finds that the interviewees say the same things about a theme (Miles and Huberman, 1994). Also, at this stage, the revised proposition is developed to show the relationship derived from the findings and hence, provided a clearer understanding of the each factor. In this research, the revised model is developed based on the bringing together of the first-order and second-order themes and the generation of valid factors based on the seven cases. A comparison between the conflicting and similar literature is also made in this phase. This is discussed in detail in Chapter Four, which presents the methodology. It is significant to note that to ensure the quality of this research, the trustworthiness issue is taken into account by invoking four criteria namely: credibility, transferability, dependability and confirmability (Lincoln and Guba, 1985; Zhang and Wildemuth, 2006).

Based on the understanding that this research involves working with corporations and individuals, the researcher has also followed the ethical guidelines developed by the Brunel Business School, which dictate the conduct to be used in research. Also, for reasons of confidentiality, all the organisations and interviewees involved were kept anonymous. At the same time, during analysis and in the thesis writing, the researcher has used different names in order to protect the confidentiality of all the informants and companies involved.

## **1.6 Findings, Novelty and Contribution**

The primary findings in this research contribute to its novelty. In this respect, it can be seen that the novelty is vested in the model produced by the researcher, depicting success in the logistics partnership (between the CM and the TPLP) in the Malaysian automotive industry from the outbound perspective in the delivery channel, which is discussed in detail in Chapters Six and Seven. Specifically, this research has also made a contribution to knowledge by providing a deep understanding of the logistics partnership, a contribution to the literature on research method, and a contribution to industry, as can be seen in the following sub-sections.

### **1.6.1 Contribution to the Understanding of the CM-TPLP Relationship**

The study outcomes contribute to knowledge by expanding the supply chain relationship and TPLP field through combining the operational and relational factors in analysing the CM-TPLP partnership, in the Malaysian Automotive Industry, from the outbound perspective. The research provides a deeper understanding of this issue of logistics partnership between the CM and TPLP from different angles to those previously investigated, by focusing on the outbound perspectives rather than the inbound side or both sides in general. Moreover, the investigation in this research also comes from both sides' perspectives whereas previous studies have concentrated on one side only, either the buyer or provider perspective, which precludes a full understanding of the relationship phenomena. At the same time, as past research efforts have been mostly undertaken in Western contexts, this study provides a new insight by focusing on the Malaysian automotive context, which is characterised as being one of the largest automotive industries in the region.

This research found that there are five key factors under the operational dimension (*logistics service performance [LSP], investment, information sharing, IT use in communication, and price of the logistics service*), eight factors under the relational dimension (*trust, commitment, power, dependency, conflict, co-operation, informal activity, and understanding*) that could affect logistics partnership success between the CM and TPLP in the Malaysian automotive industry. This research also identifies the five outcomes that emerge from a successful partnership in this respect namely, *renewal*

*of contract, company profitability, improved LSP, knowledge transfer, and company branding.*

In detail, from this research, the researcher identifies that under logistics service performance, there are three key parameters, namely support (which refers to the number of car carriers provided by the TPLP), delivery time, and product quality, that are absolutely necessary for a successful logistics partnership between the CM and TPLP in the Malaysian automotive industry. This key finding enhances the current understanding of the LSP factor, since previous research placed more emphasis on delivery time (for example, Jaafar and Rafiq, 2005) as the key parameter in LSP, whereas in this study, it has been demonstrated that in order to have a successful logistics partnership in the Malaysian automotive industry, another two critical success factors - support (number of car carriers) and product quality - are vital. In addition, this study has been able to identify that factors like investment in car carriers and IT systems; the use GPS and any other IT system in communication, are also important in developing and sustaining the logistics partnership. What is more, information sharing like load planning and sales forecasting; and also the price of the logistics service, all play an important role in bringing about the success of the logistics partnership between the CM and TPLP. All these factors are known as belonging to the operational dimension.

In respect of the relational and outcome dimension, three factors were added to each, and these are discussed in detail in Chapters Six and Seven. This contribution is what the current supply chain relationship and TPLP theory needs in order to capture all the significant empirical evidence from Western and non-Western regions. It should also be highlighted that in this study, some interesting findings about culture emerged in respect of two of the seven cases. Although as previously mentioned, culture is not a focus of this investigation, the researcher decided to report on this issue in Chapters Five and Six as it is recognised that the associated findings would represent the motivation for another research study in the future.

### **1.6.2 Contribution to Method**

This research has also made some contribution with regard to the method involved. Although the study is not conducted using a new and radical method, it does give new

insight into the research phenomena by its use of a qualitative approach and the use of an interpretive paradigm. Moreover, this research is looking at both dyad perspectives (CM and TPLP) which allow the researcher to obtain more information about LPS. Through its adoption of qualitative methodology, the study is able to generate a deeper understanding of the subject under investigation (logistics partnerships). As has been mentioned earlier in section 1.5, seven dyadic case studies are involved in this research, thereby permitting the researcher to obtain rich information on the issue of the CM and TPLP relationship. At the same time, the use of computer software in this research increases the rigour of the findings. The researcher opted to use NVivo9 software in order to help in systematically handling the mass of data during the data analysis stage. Additionally, according to Lincoln and Guba (1985), the interpretive approach was guaranteed to be of high quality, since the issue of trustworthiness was effectively dealt with by assuring that the four criteria of credibility, transferability, dependability and confirmability were all met. The fact that the transferability criterion was invoked indicates that the findings can be applied to another context, with perhaps some modification.

### **1.6.3 Contribution to Industry and Policy**

Practitioners will benefit from this research through the development of the model depicting logistics partnership success. Having this revised model at hand (see Figure 6.7), practitioners can easily use it as a guide in managing their relationships with partners since it allows them to better understand their role and also to better appreciate what their partners want in a relationship. Such understanding helps to achieve the aims of both parties and enables them to gain mutual benefit as a result of a successful partnership. The outcome of this research study is also beneficial for policy-makers in Malaysia, since they are made aware of the absolute requirement for long-term relationships between CMs and TPLPs if they are to achieve mutual benefit. However, it is noted that Malaysian government policy sometimes complicates matters for the TPLP making it difficult to achieve what has been agreed in the contract between the CM and the TPLP. For instance the issue of ‘road band’ (government restrictions on using roads during certain events such as Eid, Diwali, and Chinese New Year) sometimes prevents TPLPs from meeting their delivery targets. This is an issue that policy-makers can hopefully consider taking action on in order to help these two parties grow in the industry. There are also recommendations from the TPLPs for diesel fuel

subsidies from the government in order to ensure that they can remain competitive in an industry at risk should fuel prices increase. Clearly, as fuel prices increase, so too do the costs to be borne by the TPLPs. These are the issues that have been raised for government or policy-makers to consider, as discussed in detail in Chapter Seven.

## **1.7 Structure of the Thesis**

This research is presented in seven chapters, the details of which are outlined in brief below.

Chapter One – Introduction: This opening chapter has presented the significance of this research and why the researcher identified this topic as one worthy of research effort. Generally, it gives an overall idea of the study, beginning by explaining the scope of the research and presenting the research problem, research gaps, research questions, the overarching aim, and the individual research objectives. It has also offered a brief description of the research context and the methodology that has been adopted in undertaking the study. The chapter also highlights the novelty of this research as well its contributions to theory, method, and industry.

Chapter Two – Literature Review and the Malaysian Automotive Industry: The second chapter in this thesis examines the existing research efforts within the area. It does so by considering all related research which has been published in academic journals. In this respect, the researcher points out the shortcomings of the various studies undertaken so far, and identifies the void in current theory, especially in supply chain relationship theory and TPLP theory. Additionally, as this study is undertaken in a non-Western context (Malaysia), an overview of the Malaysian automotive and logistics industry is also introduced at the end of this chapter.

Chapter Three - Conceptual Model: In this chapter, the existing theoretical background to the focus of the study is introduced and discussed, during which the key research gaps are identified. On the basis of the perceived weaknesses of the existing theory as identified in the literature by the researcher, an initial conceptual model is developed, which is then used as the foundation for what the researcher would like to see answered in the research questions in this study; the interview questions are formulated according to this proposed conceptual model.

Chapter Four - Research Methodology: In this chapter, a detailed explanation is provided of how the study was conducted, and essentially of how the research questions were pursued, and answers obtained. The chapter provides a full account of the methodology, presenting the philosophical stance of the researcher and how this is related with the methodology and strategy chosen in this research which involves three stages of a protocol. Additionally, a detailed explanation of the data analysis process (including method, strategy, techniques and tools) is also presented.

Chapter Five – Case Analysis: This chapter provides the main findings from the seven case studies in this research. The detailed explanation and outcome from each case is highlighted. Within-case analysis is performed according to the coding developed from the research questions and the proposed conceptual model in Chapter Three.

Chapter Six – Cross-Case Analysis: This chapter offers an in-depth discussion on the findings of the seven cases by highlighting the similarities and differences between each case finding. A summary of the findings is provided, and the revised model of successful logistics partnerships is also touched upon in this chapter.

Chapter Seven – Conclusion: This final chapter concludes the thesis. It discusses the key research findings and demonstrates how the study has answered all the research questions identified in Chapter One, how it has achieved the research aim and fulfilled the research objectives. The limitations of the study are also presented in this final chapter together with suggestions for future research topics. The novelty and main contributions of this research to theory, methodology and also to policy-makers are also highlighted.

## **1.8 Conclusion**

As a conclusion, this first chapter has introduced the study by presenting the background to the research together with the research problem and research gaps. The research focus has been identified and a brief description of the research context, the methodology to be employed, the novelty of the study focus, and the anticipated contribution to knowledge of its findings, have also been given. To conclude the chapter, an indication of how the thesis is organised is presented.

## **CHAPTER TWO: LITERATURE REVIEW AND MALAYSIAN AUTOMOTIVE INDUSTRY**

### **2.0 Introduction**

This chapter explains the background theory to the research. Its aim is to offer an explanation of the research context, in terms of logistics partnership practice in the multiple distribution channels in supply chain activity (specifically in the delivery chain). In particular, it presents the pertinent aspects of the logistics partnership, its definition, its type, its practice, its usage within supply chain activity and the different ideas and investigations associated with research that has already been conducted. This kind of exploration is vital in order to better understand and highlight the significance of the current study since it allows the researcher to be aware, and take account of, the strengths and weaknesses of previous studies, thereby implicitly involving an evaluation of their effectiveness. Such evaluation has been performed by developing three taxonomies in the field, an undertaking which in itself helped the researcher to better understand the body of literature on the research topic to date. These three taxonomies are on the supply chain relationship literature, TPLPs, and the logistics partnership; and they each discuss the themes to be investigated in this study. Using these three taxonomies as her theoretical underpinnings, the researcher developed a table of the key factors investigated in this research, in order to promote further understanding and highlight the justification for the study. Additionally, this table and the three taxonomies are used as the basis for the development of the conceptual model in Chapter Three.

Overall, the chapter has three main parts. The first presents the evolution of supply chain management and stresses the importance of the relationship between partners among the chain members. Additionally, it provides clarification on how the relationship with TPLPs has evolved. In the second part of this chapter, the researcher outlines the research which has been undertaken so far on the issue of supply chain relationships generally, and offers a review of the research on TPLP specifically. This is the most important part of the chapter as it provides a novel taxonomy of the existing literature by highlighting the proposed field to be established for this research (which will be further explained in Chapter Three). The formation of the taxonomy highlights

the fact that there are many different forms of dyadic relationship in the distribution channel: the area of investigation; overlapping among the factors investigated; a dearth in factors investigated, insufficient investigation from both dyad perspectives compared to other studies on the channel relationship (such as sales channel, marketing channel-from Industrial Marketing and Purchasing Group); different understandings of logistics partnerships, which confuse the appreciation of such relationships within supply chain activity; and the gaps revealed that form the basis for further development in this research. At this point, some relevant theory is also considered. The majority of the literature considered comes from peer-reviewed journals within the field of the current research such as: the International Journal of Logistics Management (IJLM), International Journal of Physical Distribution and Logistics Management (IJDLM), Journal of Business Logistics (JBL), Journal of Supply Chain Management (JSCM), Supply Chain Management - An International Journal (SCMAJ); Journal of Purchasing and Supply Management (JPSM), Transportation Journal (TJ), European Journal of Marketing (EJM); Industrial Marketing and Management Journal (IMM), and the Journal of Marketing Research (JMS). At the end of this chapter, an overview of the logistics industry in the Western and non-Western context is provided, justifying why Malaysia and the automotive industry have been chosen for the investigation. A synopsis of Malaysia and the automotive and logistics industry in Malaysia is also presented. The chapter closes with a conclusion.

## **2.1 Theoretical Underpinning on Supply Chain Management: The Evolution of Physical Distribution to Logistics and to Supply Chain Management**

The term supply chain management emerged in the late 1980s to replace the terms logistics management, and physical distribution (Cooper *et al.*, 1997). This evolution reflected the importance of managing relationships among channel members in supply chain activity. Essentially, logistics began a long time ago in the early 1920s and was known as physical distribution, when it was originally used to describe the logistics of goods. There is a strong recognition that the word logistics was actually originally used mainly in the military as it is important during wartime to get the right supplies at the right place and the right time (Hesse and Rodrigue, 2004; Southern, 2011). It also refers to the activities that are related to the procurement, maintenance and transportation of material (Ballou, 2007) and products (Grant *et al.*, 2006). In the last three decades,



physical distribution has been recognised as a problem-solving tool in marketing activity (Langley, 1986) as it ensures that goods are available to the customer as requested (Mentzer *et al.*, 1989; Perreault and Rauss, 1976). Accordingly, McKinnon (1988; p.33) refers to physical distribution as a “*distribution activity that explains the series of activity involved in the movement of the product from the point of production to the point of sale; and to the point of consumption*”. With regards to the academic view, La Londe and Dawson (1969) were able to find that marketing scholars started to look at the distribution issue as early as the 1920s with a focus on the creation of physical supply and demand. It should be noted that during that time, distribution was perceived more in terms of transaction channel activities (buying and selling) rather than the movement of the product to the customer (physical distribution). Following that, in the 1950s, there was a call for academic researchers and practitioners to explore the issue of physical distribution from pioneer scholar Paul Converse (1954). It could be concluded that marketing scholars started to consider this discipline as a distribution activity by portraying it as a key activity in the marketing mix (Ballou, 2007). During the 1950s and 1960s, when the thinking was concentrated on the concept of physical distribution, most managers in the field did not have responsibility for inventory control. At the same time, there was no mechanism to justify larger inventories in order to realise transportation cost savings. This is because inbound (physical supply) and outbound (physical distribution) were treated as two distinct functions (Southern, 2011) even though the integration of these two activities is important (Hesse and Rodrigue, 2004). It is believed that in the mid-1960s the scope of physical distribution expanded (Heskett *et al.*, 1964) and a significant development and improvement was made in the field with the development of the National Council of Physical Distribution Management (NCPDM) in 1963, denoting the presence of experts in physical distribution (Southern, 2011).

At that time, the supply chain (SC) channel members started to realise that there were numerous qualified logisticians who provided individual consultation on such issues as transportation, warehousing, retailing, packaging, labelling and also insurance (Drucker, 1962). The main function of these experts included consultation, planning and establishing SC activities like inventory management, purchasing, transportation and warehousing. At this stage, called the business logistics era, the attempt was not just to differentiate the name from military logistics; rather it was more a reference to the

logistics activities that evolve within the business firm (Heskett *et al.*, 1964) and it played a critical role in inbound and outbound activities (Lummus *et al.*, 2001). Thus, Bowersox (1985) refers to 1965 as the start of the years of maturity for physical distribution and materials management. At this time, an integration of physical distribution and material management took place in which the emphasis was more on customer service. In general, the term customer service varies across organisations, and suppliers and customers can view the concept of customer service quite differently. It represents a function in distribution activity that has to be effectively managed since it relies upon a positive customer-orientation on the part of those involved for ensuring that the organisation's planned actions are conducted in a manner that brings customer satisfaction (Stock and Lambert, 1987). As a result, the term logistics management emerged in the early 1980s, superseding the notion of physical distribution, and the NCPDM changed its name to the Council of Logistics Management (CLM) in 1985. The Council of Logistics Management (CLM) defines logistics management as follows:

*“The part of supply chain activities that plans, implements and controls the efficient, effective forwards and reverse flow and storage of goods, services and related information between the point of origin and the point of consumption in order to meet customer requirements”.*

In the late 20<sup>th</sup> century, logistics management became a part of supply chain management. The term supply chain management (SCM) was introduced by consultants in the late 1980s as a result of the perceived value added from logistics management activities. It is important to appreciate how SCM differs from logistics management (LM). Many researchers have claimed that the term ‘supply chain management’ evolved because it includes more logistic functions. However, the significant part of this evolution is the emphasis on the nature of the movement of products which has shifted from the traditional way to a new modern approach that involves greater information-sharing among channel members (Cooper *et al.*, 1997; Ellram and Cooper, 1990). This implies the need for a more robust relationship among channel members as they need each other in supply chain activity, and such an appreciation is embedded in the overall aim of SCM to ensure organised and strategic management across business functions within a company and also across business partners within the supply chain. It is believed that successful relationships among channel members will improve the long

term performance of each partner and the whole supply chain activity (Mentzer *et al.*, 2001).

From the 1980s to 2010s, there has been a plethora of SCM definitions provided by scholars in this field, and these are the cause of much confusion as there are overlaps of meaning and understanding (Tan, 2002). Consequently, many aspects of SCM have been identified, for example, the fact that it involves a network of organisations, the numbers of companies involved, internal and external activity, scope of activities, and many more. Christopher (1992), for instance, describes SCM as the network of organisations that links the upstream (supplier end) and downstream (customer end). This definition differs a little from that provided by Cooper *et al.* (1997, p.2) which concludes the scope of the supply chain can be defined “*in terms of the number of the firms involved in the supply chain and the activities and functions involved*”. From this explanation, it can be seen that the elements of business process management, and supply chain structure are included. A study by Giunipeiro and Brand (1996) stated that in the SCM context, the use of strategic management tools could improve overall customer satisfaction and increase a firm’s competitiveness and profitability. And other scholars (e.g. Mentzer *et al.*, 2001) hold the same view as Cooper *et al.* (1997), viewing SCM as a set of three or more organisations. Also, SCM is believed to evolve with aim of generating and producing a better customer service by reducing costs and integrating major business processes through inter-functional co-ordination and inter-firm co-operation (Min and Mentzer, 2004). Currently, most researchers and industrialists view SCM similar to the Council of Supply Chain Management Professionals (CSCMP), as seen in the following:

*“The planning and management of all activities involved in sourcing and procurement, conversion, all logistics management activities. Importantly, it also includes coordination and collaboration with channel partners, which can be suppliers, intermediaries, third party service providers and customers. Fundamentally, supply chain management integrates supply and demand management within and across companies”* (CSCMP, 2009).

The Council of Supply Chain Management (CSCMP) developed in 2004 as a result of the change in name of the Council of Logistics Management (Southern, 2011). What is important to highlight here, is that it is the relationship between channel members that differentiates LM and SCM. This encompasses the relationship between focal firms and

their networks of customers, intermediaries and suppliers. In other words, the essential evolutionary change during the period between the 1920s and 2000s is the relationship between the channel partners, since LM only focuses on core activities, ignoring the interaction between each member in the chain (Christopher, 1992; Ellram and Cooper, 1993; Grant *et al.*, 2006; Lambert *et al.*, 2004; Lambert *et al.*, 2008; Min and Mentzer, 2004; Richey Jr. *et al.*, 2010; Vlachos *et al.*, 2008). Another significant factor that needs to be highlighted in this evolution is the development of technology, which includes the information flow and product flow within a company, and from one company to another (Ballou *et al.*, 2000; Ounna and Pujo, 2005). In order to provide a clearer topology of the SCM discipline over the last two decades, the researcher has developed Table 2.1 which illuminates the various definitions of SCM. The aim of this tabulation is to highlight the importance of the keywords of each concept and to show the breadth of the SCM issue.

**Table 2.1:** Definitions of Supply Chain Management (SCM)

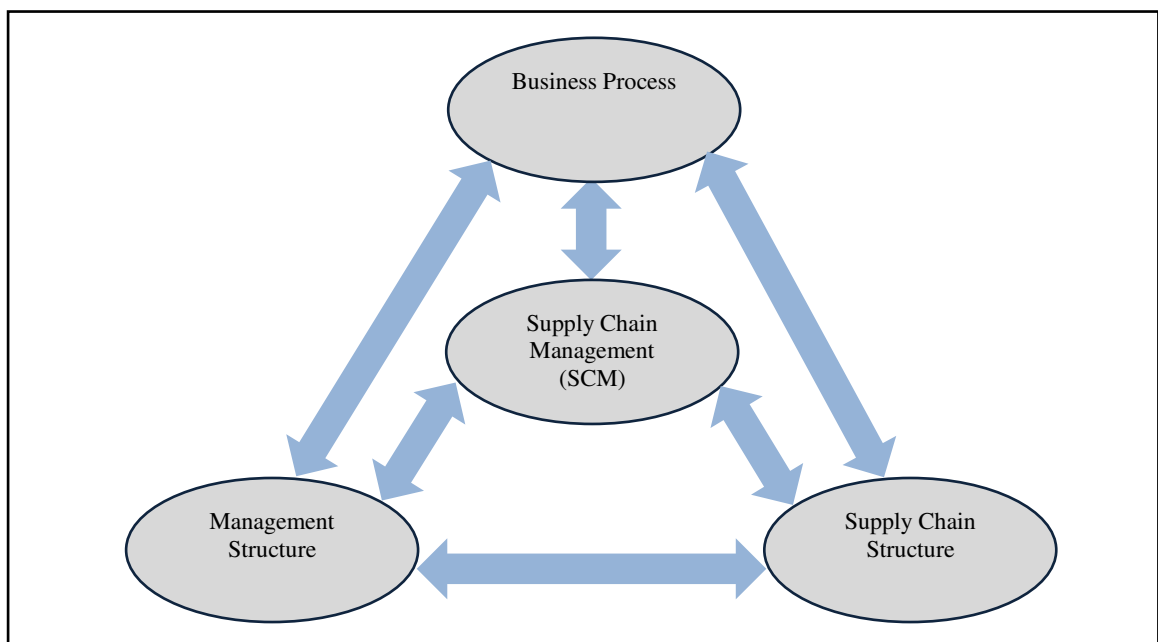
<b>Author and Year</b>	<b>Definition (Keyword)</b>
Christopher (1992)	It is a network of organisations that involves upstream (supplier end) and downstream (customer end) linkages
CSCMP	Apart from operational activities, it also includes co-ordination and collaboration with channel partners, which can be suppliers, intermediaries, and customers
Ellram and Cooper (1993)	All activities in a firm which connect the suppliers and customers in a broad scope and influence most aspects of managing business
Grant <i>et al.</i> (2006)	Includes all of the logistics management activities and manufacturing operations and it drives the co-ordination of processes and activities across marketing, sales, product design, finance and information technology
Hoover <i>et al.</i> (2001)	Improving the efficiency of product delivery processes from supplier to the end customer with a minimum of handling and buffering
Lambert <i>et al.</i> (2008)	It is characterised by three criteria: i) it needs to be cross-functional, ii) it needs to be process-oriented, and iii) it needs to include all activities for managing interaction with customers and suppliers
Min and Mentzer (2004)	A set of three or more organisations directly linked by one or more of the upstream and downstream flows of product, services, finances, and information from a source to a customer
Richey Jr <i>et al.</i> (2010)	It covers all the planning and management of all activities involved in sourcing and procurement to bring the product or service to the market
Vlachos <i>et al.</i> (2008)	Planning and control of the material and information flow internally and externally (within an organisation and between organisations along the supply chain)

<b>Author and Year</b>	<b>Definition (Keyword)</b>
Wilson (1996)	The co-ordination between players from the manufacturer to the end customer, highlighting the importance of information sharing
Researcher's Definition	It is about the management of the relationship between members in any channel to ensure any material (raw material, half-finished products, finished products) and also services can flow from the source to the end customer smoothly without hick up, and sharing information between members is important.

Source: Developed by the researcher for the purpose of this research

There are three elements in SCM that must be highlighted: business process, management structure, and supply chain structure. These three elements are the most important components of SCM (Cooper *et al.*, 1997). The relationships among channel members are categorised under the supply chain structure as this refers to the arrangement of organisations within the supply chain. Business process refers to value added activity. Cooper *et al.* (1997) explain that this is an activity that produces a product or service for the customer, while the management components refer to the activities that structure, manage and organise a business process. The three elements of the SCM are illustrated in Figure 2.1, as indicated in previous research.

**Figure 2.1:** Elements of SCM



Source: Cooper *et al.* (1997)

Based on a selection of the SCM definitions generated by previous researchers over the last thirty years, one conclusion that could be drawn is that there is a common focus on

the one word 'relationship', and that this relationship refers to the links between the channel members. The relationship between partners is crucial, since in order to guarantee a smooth product/service flow from the source to the end customer that is not hampered by buffering, and to consequently achieve better business performance, all partners must inter-relate efficiently and effectively. Thus, in SCM, the relationship among channel members is critical for the success of every member in the chain. In fact, there are many parties involved in supply chain activity either directly or indirectly. Five main parties can be identified in a basic supply chain, these being: the supplier, manufacturer, wholesaler, retailer or dealer, and also the customer - either the end consumer or business customer (Kotler and Armstrong, 2010). These five parties cannot work alone to perform their business activity as they are dependent on each other for the efficient operation of the supply chain activity. Hence, the relationship between them has become an important issue as they are unable to survive alone (Leeuw and Fransoo, 2009).

From the academic perspective, all types of relationship that exist in this supply chain activity are recognised as one large component, namely the supply chain relationship (SCR) in the supply chain literature, and many studies have been conducted in this field of supply chain collaboration (e.g. Cao and Zhang, 2011; Carter *et al.*, 2007; Jap, 2001; Stank *et al.*, 2001; Zacharia *et al.*, 2009). Stank *et al.* (2001) have examined the relationship between internal and external supply chain collaboration and logistics performance. However, despite the high volume of existing research into SCR, there is an overlapping of the dimensions investigated and inconsistency in the factors used in analysing the relationship, so there has been a failure to provide a clear explanation of the phenomena involved. Moreover, the numerous studies identified have mostly been conducted in Western contexts, and have concentrated on one perspective, rather than accepting the need to explore the dyadic relationships. Additionally, from the literature review, it can be observed that the majority of studies have taken a positivist approach, at the expense of interpretivist and realist strategies, thus meaning that a complete appreciation of the relationship has so far not been achieved.

Clearly, to gain a full understanding of any phenomenon, different approaches to its exploration are essential, and in this respect, realist and interpretivist approaches are extremely important as they are able to provide an explanation of what happens in the

real context, and such knowledge is vital since current theoretical perspectives on the SCR can only be enhanced by knowledge of the reality within the industry. Hence, it can be concluded that existing research within the area of SCR needs to be supplemented by studies that address these shortcomings. This particular study is therefore, important, since its intention is to contribute towards reducing those failings in the literature by updating the current theory.

From the review of the extant literature, it has been recognised that logistics is viewed as a value adding activity in a supply chain process. Cao and Zhang (2011) explore the nature of the supply chain and its impact on organisational performance, finding that supply chain collaboration improves collaborative advantage and strongly impacts upon firm performance in a positive way. They found that in order to create superior performance in collaboration, the individual aspects of information sharing, goals, decisions, communication and knowledge are all important. Given this understanding, it becomes critical to examine particular dimensions of supply chain theory, for example the relationships within the logistics process, and how these influence the potential for improved performance for both parties. These issues have only sparsely been addressed in the academic literature, and hence, there is a poor understanding of the relationships among members in the delivery chain. In their attempts to explore this problem, Zacharia *et al.* (2009) analysed supply chain collaboration and its effects on performance outcome, and some other researchers (e.g. Premus and Sanders, 2008; Yang, 2009), have considered supply chain alliances.

Additionally, there have been studies on the dyadic relationship between supplier and manufacturer (Cambra-Fierro and Polo-Redondo, 2008; Goffin *et al.*, 2006); manufacturer and retailer (Aastrup *et al.*, 2007; Anbanandam *et al.*, 2011; Mohd Roslin and Melewar, 2000; Mohd Roslin and Melewar, 2004; Vlachos *et al.*, 2008), buyer and TPLP (Deepen *et al.*, 2008; Grant, 2005; Jaafar and Rafiq, 2005; Mentzer *et al.*, 2001; Rafiq and Jaafar, 2007), and between triads in supply networks (Bask, 2001; Choi and Wu, 2009) all with their own particular focus for investigation. However, although there are numerous papers published in various areas with regard to the SCR, the majority address the relationship being investigated, i.e. the relationship among main channel members in supply chain activity such as supplier, manufacturer, wholesaler, retailer, and customer. A focus on other third parties that are involved in supply chain activity

(parties behind the chain), for example the TPLP, is still unusual. A consideration of the relationship with the TPLP is significant as this provider plays a big role in ensuring that the supply chain operates effectively and that all the logistics activity is managed well. This issue is discussed in detail in the next section, 2.3.

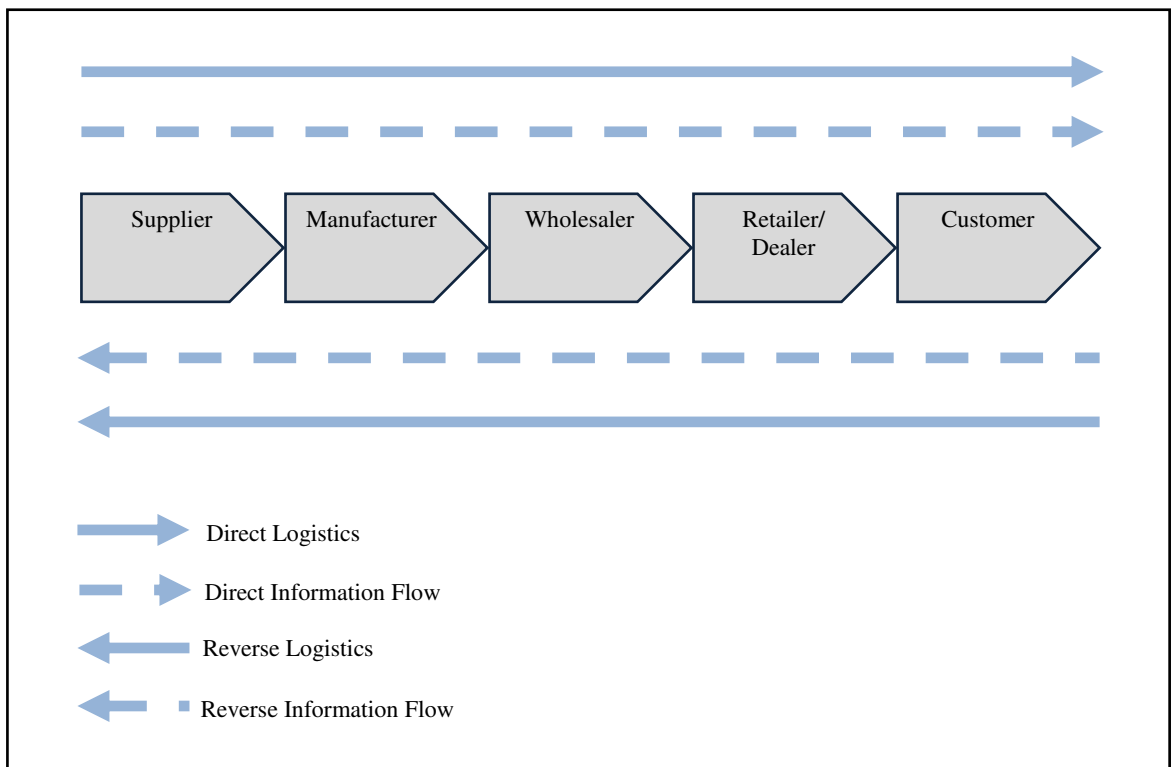
It has been agreed by previous researchers that in the supply chain activity, there are two main important aspects that involve all the five main parties (supplier, manufacturer, wholesaler, dealer, and customer), namely the logistics of the product or service, and also the information flow (Ballou *et al.*, 2000; Ounar and Pujo, 2005). Additionally, logistics is commonly viewed as a part or sub-set of SCM, its function being divided into procurement logistics, production logistics, distribution logistics and reverse logistics. Procurement logistics refers to the activities like market survey and forecasting, supplier management and the decision to make or buy. It should be noted that sometimes this activity becomes too costly to be considered for in-house provision, and in such circumstances, it is outsourced to a third party to reduce costs. However, production logistics is closely related to the activity that produces the product needed in the distribution logistics. This is related to the activities within production planning and control in the organisation. Distribution is the main task in logistics activity and is the most outsourced to a TPLP (Logan, 2000), being concerned with the transportation or delivery of the finished product to the customer. Warehousing is also considered as a distribution task. It can be understood that distribution logistics is essential as the time, place and quantity of production is different from the time, place and quantity of consumption. Reverse logistics is about the backward operation in direct logistics from the basic flow in supply chain activity (Bichler *et al.*, 2002; Kokkinaki *et al.*, 2001; Sharif, 2009) as illustrated in Figure 2.2. Similarly, it refers to all operations that relate to the reuse of products, in-process inventory, finished goods, and related information from the point of consumption to the point of origin, which at least is moving one step back from the origin point, for example from dealers to the manufacturer.

Logistics and information flow are critical to the effectiveness of the supply chain between parties. Previous research by Dyer and Singh (1998) and Klein and Rai (2009) points out that information exchange across firms is vital as it could generate value added in inter-organisational relationships. Therefore, it can be concluded that in supply chain activity, the two most important features are logistics and information flow. It



could be argued that logistics activity and information flow should be parallel in any logistics activity as they can make the activity successful. Figure 2.2 has been developed by the researcher to show the process of information flow and logistics in supply chain activity, from which it can be seen that direct logistics, reverse logistics, direct information flow, and reverse information flow are all involved. Direct logistics and information flow can be seen from the left to right arrow, which represents the flow starting from the supplier to the manufacturer, and moving from the manufacturer to wholesaler, wholesaler to retailer, and retailer to the customer, while the arrow from right to left represents both the reverse logistics activity and the reverse information flow.

**Figure 2.2:** Logistics and Information Flow in Supply Chain Activity: Direct and Reverse Flow



Source: Developed by the researcher for this study

The next sub-section provides details of SCR issues by focusing on previous research into the relationship among channel members in the supply chain.

## 2.2 Supply Chain Relationship (SCR) and Previous Research

The relationship among members throughout the supply chain, mostly known as the SCR in the literature, has received good attention in certain marketing and supply chain journals with different disciplines of investigation being used and different approaches taken. Indeed, the integration of all activities associated with the transformation of goods and information flow among the entities involved has proved that this relationship is a pre-requisite for supply chain development (Mentzer *et al.*, 2001). In fact, collaboration between supply chain members is at the heart of SCM and will be the key to its future success. According to Little and Marandi (2003, p.23), a relationship refers to “*voluntary repeat business between a supplier and a customer where the behaviour is planned, cooperative and intended to continue for mutual benefit and is perceived by both parties as a relationship*”, and in the supply chain, it contains three main levels (Mentzer *et al.*, 2008). The first examines the functional level phenomena, including operational activities, for example logistics, marketing, and the production department. Level two considers the relationship marketing among intra-firm functional areas such as between the operations department, logistics department, procurement department and marketing department. The third level explores the relationship among inter-firm supply chain phenomena. In respect of the current research, the focus is on the third level, the inter-organisational relationship, which is also known as a firm-to-firm relationship or a business-to-business relationship. It has been argued that at this level, there are another three different stages in the relationship development, namely the early build up stage, the execution stage, and the potential long-term stage.

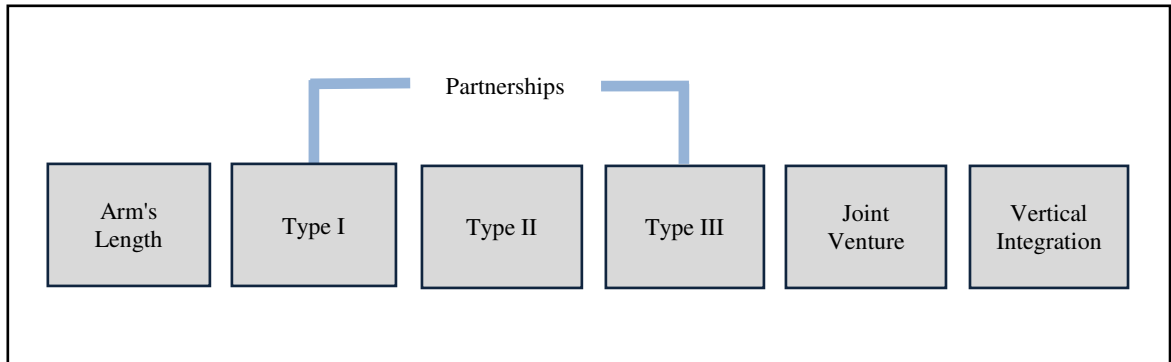
Stage one (early build up stage) refers to the negotiation process. At this stage, the provider has generally been selected through a negotiation process and formal or informal contracts have been established (Marasco, 2008). Stage two (execution stage) emerges when both parties are committed to what has been agreed in the negotiation process, and it involves the organisation, execution, and monitoring of operations. At the third stage (potential long-term stage), parties in the relationship tend to build a long-term relationship with their partner in which issues such as trust, the use of technologies by other parties, and also legal contracts feature (Hakanson and Johnson, 1990; Marasco, 2008). Before continuing with the discussion of existing research into the SCR, it is appropriate to elaborate further on the relationship topic as discussed in sections 2.2.1 and 2.2.2 as this is important as a base for the SCR domain.

### 2.2.1 How Partnerships Exist in the Relationship

A relationship exists in a long continuum. Traditionally, the relationship features have been at arm's length, meaning essentially that a transaction between buyers and sellers of a product or services is independent and devoid of any relationship with each other (Gardner *et al.*, 1994). In essence, this concept is associated with both parties to any transaction acting in such a way as to secure their own self-interest, a manner which implies that they are not placed under any pressure by the other. Within the arm's length relationship, there may be one transaction or multiple transactions (Grant *et al.*, 2006), none of which requires any degree of collaboration between the parties (Kampstra *et al.*, 2006). It is claimed that "*arm's length implies a zero-sum case, if one wins, the other loses*" (Kampstra *et al.*, 2006, p.314) which is not like other relationships in the 21<sup>st</sup> century which focus on win-win situations among partners.

This change from the traditional to the modern relationship comes about as a result of a desire to focus on the long term, and within the new concept, are included goal-sharing, and the co-ordination of activities and planning, which as noted by Lambert *et al.* (1996) combine to produce what is called a partnership. However, it may be said that the way in which one study defines partnership might be different from that in other studies. Indeed, an earlier study by Ellram and Krause (1994, p.43) claims that there is no standard partnering definition in use, and defines the terms as "*an on-going relationship between firms which involves a commitment over an extended time period, and a mutual sharing of information and the risks and rewards of the relationships*". Partnership is not the same as a joint venture or a strategic alliance, which usually requires a percentage of shared ownership between both parties. As suggested by Lambert *et al.* (1996), the degree of the partnership differs according to particular aspects, such that three types of partnership can be identified as illustrated in Figure 2.3. The key difference between each one is explained in Table 2.2, as proposed by Lambert *et al.* (1996). Figure 2.3 aims to show the difference between arm's length relationships and partnerships, while Table 2.2 describes the meaning of each type of partnership.

**Figure 2.3:** Types of Partnership and Arm's Length Relationship



Source: Lambert *et al.* (1996, p.2).

**Table 2.2:** Three Types of Partnership

Type	Description	Application
I	<ul style="list-style-type: none"> <li>▪ The organisations involved recognize each other as partners and on a limited basis, coordinate activities and planning</li> <li>▪ The partnership usually has a short-term focus and involves only one division or functional area within each organization</li> </ul>	Largest percentage
II	<ul style="list-style-type: none"> <li>▪ The organisations involved progress beyond coordination of activities to integration of activities. Although not expected to ‘last forever’, the partnership has a long-term horizon</li> <li>▪ Multiple divisions and functions within the firm are involved in the partnership</li> </ul>	Limited number
III	<ul style="list-style-type: none"> <li>▪ The organisations share a significant level of integration</li> <li>▪ Each party views the other as an extension of their own firm</li> <li>▪ Typically, no “end date” for the partnership exists</li> </ul>	Largest percentage

Source: Lambert *et al.* (1996, p. 3)

The conclusion that can be drawn here is that the buyer-TPLP relationship can also be recognised as a logistics partnership as it is characterised by the involvement in the partner organisation in co-ordinating activities and planning and sharing the focus whether it is for a long or short time. This conclusion is aligned with the ideas of other scholars who define the relationship that involves TPLP as a logistics partnership (Lambert *et al.*, 1999; Tate, 1996). Therefore, the researcher’s definition of the CM-TPLP relationship in this study as a logistics partnership is justified, as is indicated in greater detail in section 2.3. Before delving further into the research focus with regard to the TPLP and logistics partnership, the next section discusses the existing body of research into the SCR domain.

### **2.2.2 Previous Research on the Supply Chain Relationship (SCR)**

In the 21<sup>st</sup> century, there is a strong emphasis and recognition that firms need to develop, establish and achieve longer-term relationships among members in supply chains (Golicic and Mentzer, 2006). This is because, as times change, and with globalisation, so too do trends and the success of companies now depends not only on the product offered, but also on the relationship with partners and customers. This applies to all business environments whether in Western or non-Western contexts, and to all industry generally. It is believed that the key to achieving improved working relationships is an appreciation of how partners in supply chains actually work. In this respect, and having completed a thorough review on the literature, the researcher concludes that research on the supply chain area began to be popular as early as the 1970s and that the focus on relationships between partners gained popularity a decade later, in the 1980s. There are countless studies in the area of the supply chain, with different focuses, thus involving different issues and being undertaken in differing contexts. From this plethora of literature, it is seen that an effectively managed SCR fosters co-operation and trust (Kwon and Suh, 2005), thus increasing supply chain co-ordination. In contrast, it can be noted that a poorly managed relationship leads to each party being opportunistic, and this might result in a loss of supply chain profit through failure to manage the relationship.

The importance of the relationship among channel members was discussed in a general review of the *International Journal of Physical Distribution and Logistics Management* in Volume 18, Issue 2/3, as early as 1988. When designing a supply chain relationship, the first step is argued as being the clear identification of the mutual benefit that the relationship provides. In most supply chains, each partner brings distinct skills and expertise, all of which are needed to supply a customer order; for example, a manufacturer produces the product available to the final customer. The next step is to identify the criteria used for evaluating the relationship as well as the contribution of each party, in which respect, Chopra and Meindl (2004, p.496) argued that top management is rarely involved in the management of this relationship, which effectively has the effect of making the relationship nothing more than routine. This lack of top management involvement has led to ineffectiveness in managing the SCR. In relationships among channel members, it is mostly concluded that the buyer-seller relationships are the key factor and that there is a need to further develop understanding

on the relationship's role in the supply chain. Despite widespread research into the SCR, there are many studies which explore different aspects, dimensions, factors, perspectives and contexts, and this approach has sometimes led to an overlapping in the conceptual dimension of the SCR. However, it is assumed that a successful relationship among members brings benefits to the parties involved, and on the basis of such advantage, an exploration of this issue through a holistic framework that allows for the analysis of business relationships is believed to provide a clearer explanation of what benefits are to be accrued. Thus, in this section, the researcher aims to provide a basic knowledge of the SCR and how it is related to the next discussion on TPLP. This is done, using a holistic approach made possible by the literature.

Thomas and Skinner (2010) have considered the importance of the inter-firm supply chain relationship, which is recognised as a key pre-requisite for competitive advantage and the enhancement of firm performance. In their conceptual paper, Thomas and Skinner (2010) proposed that the trust asymmetry (imbalance in the level of trust between partners) will affect the total trust, which might cause less information sharing and then affect the relationship itself. It is important to note that even though there is much research that explores the factors of trust in a relationship, there is actually a dearth of research that combines this factor with other relational factors such as conflict, dependence, and many others in one investigation to determine how these factors affect the relationship. Moreover, there is very little research that has explored this whole issue from the perspectives of both parties to the dyad, the emphasis so far being on the customer's viewpoint, and clearly pointing to a gap in the literature. These relational factors need to be explored as they also contribute to the success of the relationship just as much as the other hard factors, like information technology and communication, for example. It has been acknowledged by Liu *et al.* (2009) that successful SCRs reduce costs, improve sales, and hence improve financial performance, and that transactional factors (distributor performance) and relational factors (trust and other relational factors) are important in efforts to improve manufacturer-distributor dyads in the household appliance industry. The researcher also believes that in other relationships among channel members, both factors are significant to the success of the relationship. However, the operational factors involved in each dyad in a channel relationship might be different depending on the context of the study, be it the nature of the industry, or the

socio-political character of the environment, which clearly changes between Western and non-Western economies.

Terpend *et al.* (2008) examined the buyer-supplier relationship from 1986 to 2005 as reported in academic articles appearing in US journals. They claimed that the majority of studies consider the buyer-supplier issue rather than buyer practices. Additionally, they found that trust, commitment and continuity co-operation in the buyer-supplier relationship are vital for the success of the relationship. They also conclude that a successful buyer-supplier relationship improves operational and financial performance. Operational performance refers to the delivery, quality, cost, inventory, lead time, agility and flexibility, while financial performance relates to profit, return on investment (ROI), market share and sales growth. Information sharing is also identified as one of the important requirements for good firm performance in buyer-supplier relationships. It is important to emphasise here that from one hundred and fifty one (151) journal articles reviewed by Terpend *et al.* (2008), only six conducted an investigation from both perspectives (of buyer and supplier), a fact which demonstrates that a very one-sided perspective is prevalent in the literature, which calls for a more holistic approach which would be able to yield real insight into the phenomena being studied.

Another set of researchers who consider the issue of the buyer-supplier relationship are Cambra-Fierro and Polo-Redondo (2008), who proposed that satisfaction was determined by adaptation to the customers' needs and effective communication, trust and co-operation. Davis and Mentzer (2006), Humpreys *et al.* (2001), Lemke *et al.* (2003) and De Toni *et al.* (1994) also explore the buyer-supplier relationship, focusing on the organisational and operational effects of buyer-supplier interaction in the area of services provision. Gentry (1996) asserts that in any relationship, there should be three parties at least, since this makes for a complete cycle. However, there is a lack of research that considers such triadic relationships from the perspective of all parties, and likewise the same problem can be identified in respect of dyadic relationships.

As already mentioned, as times change, so too has the nature of the relationship in the supply chain evolved, from the traditional arm's length conception, to a much more collaborative one. Thirty years ago, relationships among members were characterised as being at arm's length, whereas today channel members acknowledge that they are

dependent upon each other and need a greater collaborative relationship in order to realise a successful supply chain. Hoyt and Huq (2000) have discussed this issue in their conceptual paper from the perspective of Strategy-Structure Theory and Resource-Based Theory in collaboration. They claim that these two theories are the best to explain the collaborative relationship based on trust, and explain that transaction risk can be reduced when conditions of uncertainty and dynamic change are present.

Another previous study on the SCR concerns supply chain collaboration which refers to the co-operation between one company and many others, for example, collaboration between a manufacturer and a number of retailers. Kampstra *et al.* (2006), in their conceptual paper, argue that collaboration will end in failure if the initial underpinning for the relationships is not right. Similarly, Bhatnagar and Viswanathan (2000) considered the alliances between manufacturers and global logistics providers in the Asian context, emphasising that successful alliances increase manufacturing performance by reducing costs and the numbers of hours in lead time between factory dispatch and customer delivery.

From the review of past literature, the researcher can conclude that SCR research published in academic journals has attracted attention from two main schools of thought, these being the supply chain researchers, and the marketing scholars, since these aspects of business are related to each other (e.g. marketing and logistics). Bartels (1976; 1982) has argued that within the supply chain process, it is not possible to separate supply chain distribution from marketing, a feature which is confirmed by Kotler (1998) who acknowledges the close relationship between the supply chain and the marketing function. In this connection, Kotler (1998) asserts that in the 4Ps in the marketing mix - namely price, place, product and promotion – include a reference to the logistics of the product or service under the banner of place. Clearly, the marketing field refers to distribution activity. Formerly, marketing researchers acknowledged the importance of distribution in business activity as it is the distribution function that actually transports the product to the customer. The distribution channel is defined as a set of (legally) independent organisations performing all of the functions necessary to make a product available for the customer, either end-consumer or industrial user.



In previous research in SCR there have been different focuses; for example Aastrup *et al.* (2007) explore the supply chain strategy by considering value creation and category management through the manufacturer-retailer relationship. They found that the acts of aligning the retailer strategy and harmonising information resources requires a certain amount of effort, and in this respect it is necessary for manufacturers to properly prioritise their operational resources and actions so that they are fully relevant to the retailers' needs. The use of information resources in the retailer-supplier relationship was seen to increase value creation, and trust was recognised as a pre-requisite for a long-term relationship. Essentially, distribution in supply chain activity is derived from both inbound and outbound directions, being concerned with the transportation of the material from the supplier to manufacturer, manufacturer to wholesaler, wholesaler to retailer or dealer, and also retailer to the customer.

Clearly, the distribution function is vital as it ensures that the products reach the customer. However, in general, the marketing literature shows a lack of research focusing on the TPLP involvement in the distribution channel. And whilst in the supply chain literature, there is research into TPLPs, this is lacking in respect of relationship factors such as trust, commitment, conflict, and dependence, for again, there is almost a complete absence of any research effort that focuses on the dyad, the attention being limited to one perspective only.

Yet another shortcoming that needs to be highlighted here is the fact that previous researchers have largely concentrated on the main channel, for example the relationship between manufacturer-wholesaler, manufacturer-retailer, and wholesaler-retailer, among others, whereas it is well known that the marketing channel is defined as a group of independent organisations that perform all the important activities including selling, promoting and delivering in order to guarantee a product's availability for the customer, either the end consumer or an industrial customer (Kotler, 1998; Stern and El Ansary, 1992). In other words, the marketing channel performs the activities that transfer the ownership of goods from the point of production to the point of consumption, and this is quite different from the notion of distribution when it is restricted to the transfer of raw materials from the point of origin to the manufacturer. In the supply chain, therefore, distribution covers the functions of both inbound and outbound logistics as the two points on the continuum are the origin of the raw material, and the end customer. It

could be concluded from the marketing channel research, that there are two types of focus in this field. The first concerns the value creation associated with the channel, and the second addresses behavioural dimensions such as dealing with inter-firm relationships that exist between channel members, as claimed by Zhuang and Zhou (2004).

In earlier research into the channel relationship from the marketing perspective, the focus has been on power and conflict in the channel relationship (for example see Brown *et al.*, 1991; Cox, 1999; El Ansary and Stern, 1972; Lusch and Brown, 1982; Wilkinson, 1981; Zhuang and Zhou, 2004). These factors are believed to influence relationships between members in any context. Brown *et al.* (1991) point out that the different beliefs held by each partner may result in dissatisfaction in the other partner and create conflict which if not properly managed can have a negative effect upon the relationship. The misuse of power in the relationship is also likely to cause conflict, and it is clear that in the buyer-seller relationship, power relations are always present, so there is a genuine need for effective management in this respect. El Ansary and Stern (1972) describe power as the ability of the one party to over-ride the other party. They explain that power in the distribution channel is also related to the inter-dependency implicit in the relationship. Undoubtedly, this particular behavioural dimension is one that it is important to investigate in order to further understand how it influences channel relationships (Wilkinson, 1981), and how to use that influence to develop satisfaction in the relationship.

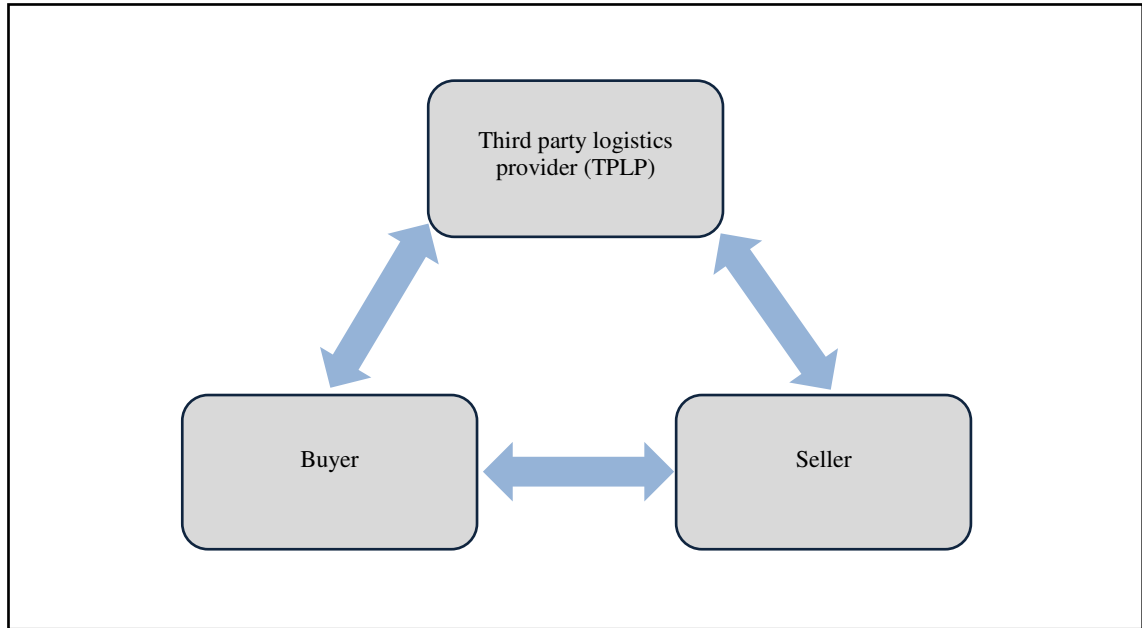
Satisfaction refers to the degree to which each partner feels positive towards the other, and as a concept, it can be broken down to show certain aspects that contribute to the overall satisfaction (Wilkinson, 1981; Innis and La Londe, 1994). Cambro-Fierro and Polo Redondo (2008) analyse the concept of satisfaction in the firm-supplier relationship using survey mail from the buyer's perspective in Spanish firms. Co-operation, communication, adaptation to expectation and trust were identified as the main antecedents of satisfaction in the relationship. Additionally, the authors suggest that there is an opportunity for future research to explore the post-satisfaction concept in the interests of developing a long-term relationship between two parties, in recognition of the fact that satisfaction is one of the key elements of such relationship. Moreover, the authors propose that the identification of the long-term relationship between dyads

would complete the analysis of the supply chain relationship from the perspective of relationship marketing. Hence, the current study is fully justified since it responds to calls from researchers for investigations into both sides of the dyad in the logistics partnership, that being from the CM and TPLP side.

Recently, Zhuang and Zhou (2004) studied the factor of power and dependence in a marketing channel relationship in China, finding a reverse relationship between power and dependence, which in itself demonstrates that the power of one party over another is boosted because of the increase in the dependence level. On the other hand, a study by Mysen and Svenson (2010) describes satisfaction in relationships, referring to it as relationship quality. These researchers indicate that relationship quality consists of seven dimensions, these being: opportunism, co-operation, dependence, competitive intensity, specific asset, formalisation, and also market turbulence. Apart from these relational factors, communication between each other in any relationship is also significant in order to fulfil every objective in the relationship. It is a requirement for success in the same way that trust between firms is necessary (Hakansson and Snehota, 1995; Mattson, 1987).

Recently, Sandberg (2007) has explored the triadic collaboration between manufacturer, supplier, and customer, explaining how the focal company (for example, the manufacturer) in the supply chain is involved in a relationship with various partners. He claims that from a logistics standpoint, much collaboration could exist among triads (supplier-manufacturer-customer), for example production planning, forecasting, inventory management and replenishment, transportation planning and strategic planning (Sandberg, 2007). He focuses on the area of process, planning of logistics activities, information sharing, orientation, logistics activities, driving forces for collaboration, barriers to collaboration, and also the effects of collaboration. Similarly, Bask (2001) in an earlier study, proposed that three dyad relationships exist in a logistics relationship, and these are presented in Figure 2.4.

**Figure 2.4:** Triadic Collaboration



Source: Bask (2001)

It is recognised that marketing and logistics are not separate activities, and that it is important to develop a close relationship among the relevant channel members (Christopher and Peck, 2003). Ellinger *et al.* (2006) have conducted a study on bridging the gap between logistics and marketing in buyer-seller collaboration, finding that the senior level management involvement is important as this serves to positively influence the behaviour of each partner who might not otherwise fully appreciate what is expected of him/her, or understand the unique orientations and priorities of their functional counterparts. In the supply chain relationship, what is produced in a dyad inter-firm relationship affects not only the parties directly involved but also the other relationships in supply chain activities or the overall network in which the relationship is embedded (Hakkanson and Snehota, 1995; Marasco, 2008). Furthermore, these so-called 'partnerships' are tailored, mutually beneficial business relationships (Lambert *et al.*, 2004) in which relational, as well as financial dimensions are included (Rese, 2006) as mentioned earlier in this sub-section.

As business has become more sophisticated with technological advancements, it is recognised that the increased use of information technology (IT) in supply chain activity is important not only in operational terms but also in managing the relationship with partners. Since the early 2000s, developments in IT have had a substantial impact upon information sharing in the supply chain and IT capabilities are accepted as enablers for

more advanced collaboration (Sandberg, 2007). Indeed, information sharing is acknowledged as a prerequisite for effective relationships among supply chain members (Lai, 2009; Lee and Whang, 2000; Sandberg, 2005; Sandberg, 2007; Xu and Dong, 2004; Yu *et al.*, 2001). At the same time, IT has also been seen to influence supply chain performance (Barrat, 2004), since not only does it facilitate information sharing, but it also plays an important role in fostering business networks (Langley, 2007).

Different types of information sharing can be observed in supply chain collaboration such as “*production planning, inventory levels, forecasts, sales information, error message, product campaigns, price levels and pricing, future deliveries, and confirmation track and trace*” (Sandberg 2005, p.74), all of which must be accurate, otherwise the performance of supply chain activity will be jeopardised. Therefore, in managing the relationship, the emphasis on accuracy is paramount since the relationship is dependent upon the passing of correct information, which if not evident, might well negatively affect the daily operation in supply chain activity, and indeed may diminish trust among collaborators. Ballou (2007) supports these ideas, noting that the channel relationship demands certain features for its success, which are information sharing, co-operation, and the use of IT, since these fundamentals help parties to identify their precise objectives and the inter-organisational standards required for them to realise the potential benefits. Clearly, different channel relationships and different contexts might well produce different outcomes, and consequently more research on such relationships in varying settings is needed in order to benefit practitioners and enhance current theory.

Previous studies in the field of SCRs have also observed the cultural aspects of channel member relationships. Culture is defined as shared knowledge that includes beliefs, values and attitudes (Hong *et al.*, 2000). Lau *et al.* (2001) claim that culture spreads to others through interaction and that it can be considered from two dimensions, namely organisational culture and national culture. Whilst studies have been conducted with a focus on culture, there does remain a need for cross-cultural research in operations management in the supply chain context (Prasad and Babbar, 2000), and specifically, Marasco (2008) has suggested, after reviewing 152 articles between the years 1989-2006, the need for further exploration of the role of organisational culture in the formation and the development of TPLP arrangements. Hence, it is acknowledged (see also House and Stank, 2001) that organisational culture is another important factor in

the process of developing close relationships. Previous studies have highlighted the cultural distinction between Asean (Eastern) and Western (Western European) countries (Ronen and Shenkar, 1985; Tonybee, 1947), common distinctions being that far Eastern cultures are characterised by greater power distance and lower individualism than Western cultures (Hofstede, 1980).

To summarise the extant literature on SCRs, marketing scholars have focused on the main parties in the relationship (e.g. manufacturer-retailer, manufacturer-supplier, retailer-customer) rather than considering the relationship between main channel members and the third party involved in the chain (external party – for example the TPLP). At the same time, the supply chain scholars have generally concentrated on the operational side of supply chain activity (e.g. critical success factors for supply chain performance, the use of IT, and the logistics activity). Moreover, previous studies can be categorised as addressing two main dimensions, these being the operational and the relational dimensions. In respect of the operational features, investigations have been into the hard core factors within the relationship (e.g. information sharing, the use of IT systems, investment, and the performance of the partner itself), whilst in terms of the relational features, the concentration has been on the soft factors in the relationship (e.g. trust, commitment, conflict and power). These soft factors are referred to in this study as relational factors. Such discussions have also focused on the outcome of any relationship in the supply chain among members, aiming for a win-win situation. Table 2.3 summarises the key research to date into the SCR, thereby enabling a deeper understanding of channel relationships across the multiple distribution channels, and simultaneously highlighting any weaknesses of prior research efforts, the gaps left, and the opportunity for the current study to make a novel contribution.

Table 2.3 highlights the fact that there are many issues associated with the SCR, such as collaboration, information sharing between channel members, power in the SCR, trust in the relationship, and it is the various studies summarised in Table 2.3 that are used as the basis for the development of the operational, relational and outcome dimension in the conceptual model proposed in Chapter Three.

**Table 2.3:** Previous Research on the Supply Chain Relationship (SCR)

<b>Author (Year)</b>	<b>Type of Research</b>	<b>Area of Investigation/Key factor or dimension</b>	<b>Method and Research Setting</b>	<b>Key Findings/Recommendations</b>
Aastrup <i>et al.</i> (2007)	Conceptual	Value creation through retailer-supplier collaboration. Category management, co-ordination, communication, benevolence, dependence (relational).	NIL	The use of information resources in retailer-supplier relationship increased value creation for retailers. Trust is recognised as a pre-requisite for closer relationship.
Ballou (2007)	Conceptual	Discuss the evolution of the logistics and supply chain. Information sharing, use of IT system, co-operation, co-ordination and revenue generation in supply chain (operational).	NIL	Proposed the need for relationship and trust building subject in the supply chain and logistics curriculum
Barrat (2004)	Conceptual	Understanding collaboration in the supply chain. Trust, mutuality, information exchange and communication are the elements in the collaborative culture (operational and relational).	NIL	Problem in collaboration is because of the lack of understanding between members on what is actually meant by the collaboration.
Bask (2001)	Conceptual	Relationship between main channel members with the Third Party Logistics Provider (TPLP). The relationship between the TPLP and supply chain strategy, outsourcing operation, TPLP services.	NIL	TPLPs provide logistics solution to the supply chain members and propose one complete cycle of triadic relationship with TPLP.
Bhatnagar and Viswanathan (2000)	Empirical (interpretivist)	Strategic alliances between manufacturing firms and global TPLP. Transportation, cost, warehouse, cycle time, lead time (operational).	Case Study between Motorola and UPS	Successful alliances will increase manufacturing performance in terms of cost improvement. More case studies in future in cross-section industry.
Brown <i>et al.</i> (1991)	Empirical	Conflict and satisfaction in distribution channel; strategy, profit, information (relational and outcome).	Longitudinal	Satisfaction is an outcome from the channel relationship. Different beliefs may result in dissatisfaction in the relationship.
Cambra-Fierro and Polo Redondo (2008)	Empirical (positivist)	Satisfaction in the supply chain. Communication, trust, co-operation (relational).	Survey in Spanish firm; (buyer's perspectives in construction and service industry)	Adaptation to the customers' needs along with communication, trust and co-operation determined satisfaction.
Cao and Zhang (2011)	Empirical (positivist)	Explore the dimension for a successful collaboration (operational and outcome).	Survey in US manufacturing firm (from manufacturer's perspectives)	Information sharing, goal, decision, incentive alignment, resource sharing, collaboration communication and knowledge creation are seven dimensions required for effective supply chain collaboration. Benefits from collaboration achieved when all channel members from supplier to the customer co-operate.

<b>Author (Year)</b>	<b>Type of Research</b>	<b>Area of Investigation/Key factor or dimension</b>	<b>Method and Research Setting</b>	<b>Key Findings/Recommendations</b>
Carter <i>et al.</i> (2007)	Empirical (positivist)	Social network analysis in logistics research. Decision-making, informal communication, power, dependence, informal structure (person itself in the company), formal structure (rank of the person in the company), logistics project (operational and outcome).	Survey and interview in electronic and communication industry.	Effective supply chain collaboration improves firm performance. In informal logistics projects, network centrality is much more important than formal structure (individual's formal rank in years of tenure in the organisation).
Choi and Wu (2009)	Conceptual	Applying balance theory in triads supply network. Nine triadic archetypes of buyer-supplier relationship.	NIL	Should also look at the other relationships with the external party in the supply chain
Cox (1999)	Conceptual	Power, value and supply chain management (relational).	NIL	Power in different supply chain type
Davis and Mentzer (2006)	Empirical (interpretivist)	Logistics service, loyalty, promise, commitment, problems, power (relational).	Interviews in US	Series of partnerships cannot exist without loyalty. Keeping promises, honour commitment, power and dependence affect the relationship.
De Toni <i>et al.</i> (1994)	Empirical	Component and critical aspect of service in buyer and supplier relationship. Services content, services direction and role of actor (operational).	Case study (Zanussi)	Interdependence between the units of the supply chain modifies the contents of service in the supplier relationship.
El Ansary and Stern (1972)	Empirical (positivist)	Power measurement in the distribution channel (relational).	Survey	Power exists in channel distribution and might cause conflict.
Ellinger <i>et al.</i> (2006)	Empirical (interpretivist)	Logistics and marketing in facilitating collaborative behaviour (operational).	Critical Incident Technique (CIT) Twelve in depth interview	Senior level management involvement is the critical catalyst in influencing collaborative behaviour between specialists who may not understand the unique orientations and priorities of their functional counterparts.
Freathy and O'Connell (1998)	Empirical (interpretivist)	Supply chain relationship in air transport industry (operational).	Sixteen interview within airport retailing in Dutch, UK, Irish and French (retailer's perspective)	The growth of passenger traffic volumes forced several airport retailers to reassess their approach to supply chain management. To remain competitive, investment in information system is essential for airport retailers in order to improve the flow of information and stock handling across supply channels.
Gentry (1996)	Empirical (interpretivist)	Role of TPLP in buyer-supplier partnership. Co-operative, continuous improvement, communication, information sharing, sharing reward and risk (operational and relational).	Interviews	Long term commitment, open communication, information sharing, joint problem-solving, continuous improvement and shared risk and rewards are identified as an important elements for the success of the buyer-supplier relationship.



<b>Author (Year)</b>	<b>Type of Research</b>	<b>Area of Investigation/Key factor or dimension</b>	<b>Method and Research Setting</b>	<b>Key Findings/Recommendations</b>
Giunipero <i>et al.</i> (2008)	Conceptual	A review of 405 journal articles from nine top academic journals on SCM literature. Trust, commitment, power, intra and inter-firm relationship building, partnership, co-operation, communication (relational).	NIL	A need to understand the nature of multiple relationships in supply chain with dyad as a focus.
Golicic and Mentzer (2006)	Empirical (positivist)	Inter-organisational relationship. Trust, commitment, dependence, relationship (relational).	Survey (Buyer's perspective)	To develop a closer relationship, the parties must develop high levels of trust, commitment and dependence.
Hingley (2001)	Conceptual	The issue of power, dependency, risk affects the relationship management in the UK fresh produce supply chain (relational).	NIL	Most industries view their product as special or different and consider their industry to warrant particular attention with regards to the nature of the partnership. Thus, there is an opportunity to look at the issues of power, dependency, conflict and all relational factors in logistics partnership in other industries.
House and Stank (2001)	Empirical	Partnership between retailer and logistics provider in the US. Formal communication, informal communication, organisational culture (operational).	Case study (Melville and Mercantile Logistics)	Formal and informal communication strategy is essential to address the issues arising from the difficulty of combining two different organisational cultures.
Hoyt and Huq (2000)	Conceptual	Understand the buyer and supplier relationship from the perspective of transaction cost theory, strategy structure theory and resource based theory.	NIL	Reject the notion that supply chain alliances lead to monopolistic alliances. Trust is a pre-requisite in the relationship.
Humphreys <i>et al.</i> (2001)	Empirical (positivist)	Relationship between manufacturer and supplier. Quality measures, cost, logistics, lead time, investment record, communication, problem solving, packaging etc. (operational).	Survey. Manufacturing firm in Hong-Kong (multi industry).	Proposed 14 criteria in a partnership. Problem-solving capability, capacity, and logistics are the three key factors for the success of the manufacturer-supplier relationship in Hong Kong. This is because of the economic reform in China and the adaptive entrepreneurship adopted by Hong Kong firms.
Jap (2001)	Empirical (positivist)	Collaboration in supply chain. Resources, relationship quality, outcome	Interview and survey (multi industry)	Joint creation of individual input improves relationship quality.
Johnson (1999)	Empirical (positivist)	Inter-firm relationship in distribution channel. Relationship quality, dependence, flexibility, age, continuity expectation, strategy integration, performance (relational and outcome).	Survey in US. (machinery and equipment industry)	Dependence provides positive result whether through choice or necessity, provides the platform on which strategic integration can be developed. Strategic integration results in enhanced economic reward for the firm.

Author (Year)	Type of Research	Area of Investigation/Key factor or dimension	Method and Research Setting	Key Findings/Recommendations
Kahn <i>et al.</i> (2006)	Empirical (positivist)	Understand demand collaboration and their effect on performance (operational and outcome).	Survey (beverage industry)	Technology may facilitate the demand for collaboration experience. The relational infrastructure should be established and then the system developed to support the relationship and not the other way around. The success of collaboration would reduce the cost.
Kaipia and Hartiala (2006)	Conceptual	Information sharing in supply chain (operational).	NIL	Only information that improves supply chain performance should be shared.
Kampstra <i>et al.</i> (2006)	Conceptual	Supply chain collaboration. It is difficult to achieve for the following reason: time span, IT infrastructure, trust, organisation design, competition, financial (operational).	NIL	The reality is that many supply chain collaborations fail. More research work has to be conducted to quantify the costs and benefits of collaboration in supply chains.
Kwon and Suh (2005)	Empirical (positivist)	Relationship in supply chain management. Trust, asset-specificity, commitment, information sharing (operational and relational).	Survey	Partner asset specificity has a positive impact on trust. Behavioural uncertainty such as decision-making uncertainty negatively influence trust in partners. Information sharing impacts the level of trust. Level of commitment strongly related to the level of trust.
Lai <i>et al.</i> (2008)	Empirical (positivist)	Information technology capability and Third Party Logistics Provider (TPLP). Resource commitment and managerial involvement are main important factors in the development of IT capability (operational).	Survey in China (from provider's perspectives)	IT capability brings significant advantage to the firm with reduced cost, providing innovative and customised service and improving service quality.
Lambert <i>et al.</i> (2004)	Empirical	Supply chain partnership -planning, communication, reward sharing, trust and commitment, contract style, investment (operational and relational).	Case study (multi industry)	When the supply chain partnership is effective, it offers many opportunities for internal improvement.
Lemke <i>et al.</i> (2003)	Empirical	The meaning of supplier-manufacturer partnership.	Repertory grid technique. (from manufacturer's perspective in German)	Thirty seven attributes of partnership. The top factor are as follows: personal business relationship, flexibility, quality, dependence, complaint handling, openness, commitment, feedback, price, organisational culture, additional services and customer-oriented.
Liu <i>et al.</i> (2009)	Empirical (positivist)	Buyer-supplier relationship through transactional and relational mechanism.	Survey in China. Both sides investigation in household appliance industry.	Transactional mechanisms (contracts and transaction specific investments) and relational mechanisms (inter-organisational trust and relational norms) are both important in limiting opportunism and improving relationship performance in buyer-supplier dyads.

Author (Year)	Type of Research	Area of Investigation/Key factor or dimension	Method and Research Setting	Key Findings/Recommendations
Marasco (2008)	Conceptual	Review of logistics literature.	NIL	Empirical research on logistics presented in 152 journal articles reviewed - mainly based on survey (64%) compared to case studies only (25%). Suggest the need to further develop understanding on behavioural research especially between buyer and TPLP.
Payan <i>et al.</i> (2010)	Empirical (positivist)	Relationship quality in supplier-distributor relationship. Co-operation, specific asset, coordination, satisfaction, trust and commitment. (relational)	Survey (in US and Sweden)	Relationship quality is associated with satisfaction with the supplier.
Premus and Sanders (2008)	Empirical (positivist)	Information sharing in global supply chain. (operational)	Survey (in industrial Tier 1 in USA)	Emphasise that lack of information sharing in the supply chain alliances is associated with a number of problems.
Rese (2006)	Conceptual	Selection of the right partner. Price, contract, trust and commitment (operational and relational).	NIL	Two main factors for appropriate partnership are: (i) individualisation vs. standardisation of the delivered components combined with the potential of the end customers to identify quality differences or not and (ii) the possibilities to allocate the revenues made by the value-creating network to the several partners within the network.
Sandberg (2007)	Empirical (positivist)	Logistics collaboration in supply chain.	Survey (in Sweedish manufacturing company)	Top management involvement is vital for higher intensity collaboration. There is a mismatch among theory and practice as there is a lack of strategic elements in the collaboration and the different ways in which supplier and customer collaborations are managed.
Sanders (2005)	Empirical (positivist)	IT alignment in supply chain relationship (operational).	Survey (first tier suppliers to OEM in US)	Results show that IT alignment between supplier and buyer has a direct positive impact on both strategic and operational performances measures of the supplier.
Sanders and Premus (2005)	Empirical (positivist)	Relationship between firm IT capability, collaboration and performance (operational and outcome).	Survey (in US manufacturing firms)	IT has both a direct and indirect impact on firm performance. They suggest that collaboration is not synonymous with IT.
Sanders <i>et al.</i> (2007)	Empirical (interpretivist)	Understanding outsourcing arrangement in terms of supply chain relationship.	In depth interview	Findings show that there are four types of outsourcing engagement namely out-tasking, co-managed services, managed services and full outsourcing.

<b>Author (Year)</b>	<b>Type of Research</b>	<b>Area of Investigation/Key factor or dimension</b>	<b>Method and Research Setting</b>	<b>Key Findings/Recommendations</b>
Stank <i>et al.</i> (2001)	Empirical (positivist)	Collaboration and firm performance. Investigate logistics provider of the manufacturer, wholesaler and retailer.	Survey. (in North America, Europe and the Pacific Rim).	If the firm wants to improve service performance through collaboration with external customer, it needs to enhance internal collaboration.
Terpend <i>et al.</i> (2008)	Conceptual	A review of buyer-supplier relationships journal articles between 1986 and 2005.	NIL	The findings from this study show that researchers mainly examined four types of value derived from the relationship namely operational performance improvements, integration-based improvements, supplier capability-based improvement and financial performance outcome.
Thomas and Skinner (2010)	Conceptual	Trust in inter-firm relationship (relational).	NIL	Suggest more research in supply chain relationship with a focus on trust as it can be the reason why the partnership or relationship does not succeed or fails.
Tokman <i>et al.</i> (2007)	Empirical (positivist)	Exploration on satisfaction in supply chain portfolio strategy (relational).	Survey – SME's in Greece	Firms in co-operative relationships have different relational orientations that are guided by their strategic goals.
Vlachos <i>et al.</i> (2008)	Empirical (positivist)	Comparing the motivation to collaborate, the areas of collaboration and the preferred type of collaboration between food manufacturers and retailers (relational).	Survey (in Greek)	Findings show that the type of collaboration is related strongly with specific factors such as trust and commitment.
Zacharia <i>et al.</i> (2009)	Empirical (positivist)	Analyse supply chain collaboration and their effect on performance outcome (operational and outcome).	Survey in multi industry	Understanding supply chain partners leads to improve operational outcome (cost, quality, customer service, cycle time, customer value) and enhance relational outcome (trust).
Zhuang and Zhou (2004)	Empirical (positivist)	Power and dependence in channel relationship (relational).	Survey in China	Power and dependence have a reversed relationship.

Source: Developed by researcher for this research

The next section will discuss the literature relating to the Third Party Logistics Provider in the supply chain.

### **2.3 The Third Party Logistics Provider (TPLP) in Supply Chain Activity**

In supply chain activity, it is recognised that behind the chain there is an external party known as the logistics provider (TPLP). This provider is expert in handling logistics activities such as transportation, warehousing and inventory management on behalf of the other chain members. Logistics is acknowledged as a main component of supply chain activity as it is related to delivery of the material or product, and consequently the function is essential to ensure the success of supply chain activity. Today, it is common for any company to use an external party to perform such logistical activities, since as noted by Large (2007), among the services offered by these TPLPs are transportation, distribution, inventory management, and warehousing. Hence, such providers are valuable, as they can assist at all stages of the process from managing the raw materials shipment, finished goods delivery, to transferring the finished product from manufacturers, wholesaler or distributor, and retailer to the customer (Lummus *et al.*, 2001). Apart from the provision of direct logistics, the TPLP also offers services on the reverse side, known as reverse logistics (Autry *et al.*, 2001; Pokharel and Mutha, 2009; Sharif, 2009). TPLPs are extremely important in supply chain activity because products are very rarely manufactured and consumed at one place or location, and manufacturers need to focus on their core business activities together rather than on transportation and distribution, which as noted by Lummus *et al.* (2001), are costly activities to fund. Hence, TPLPs operate as supportive members within supply chain activity (Bask, 2001).

The systematic processes of logistics activities performed by TPLPs basically begin with moving inbound material from supply sides to the manufacturer and then repositioning the inventory among the different plants and distribution centres, before delivering the finished product to the customer. Additionally, the reverse side of these activities is included. It is well understood that supply chain success depends upon the use of appropriate and timely transportation to perform delivery, and consequently, it can be seen that transportation activity plays a vital role in any operation. Indeed TPLP involvement in supply chain activity is becoming increasingly necessary for organisational business survival (Bask, 2001; Bolumole, 2001; Fernie *et al.*, 2000; Halldorsson and Skjott-Larsen, 2004; LaLonde and Masters, 1994; Pokharel and Mutha, 2009; Slater, 1976; Sohail and Sohal, 2003; Stank *et al.*, 2003; Stock and Douglas,

1992; Van-Laarhoven *et al.*, 2000). The next section examines the previous research on TPLPs, beginning with a discussion of the definition of a TPLP.

### **2.3.1 Definition of Third Party Logistics Provider (TPLP)**

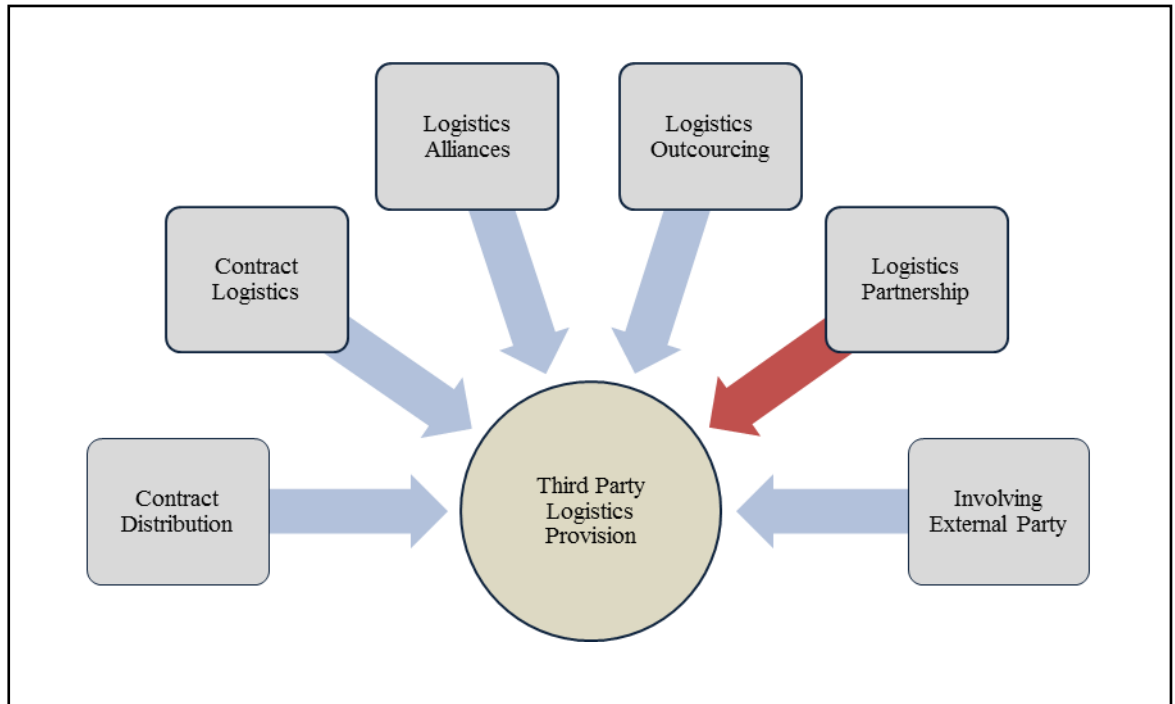
From a review of previous studies on TPLPs from the 1980s to 2010, it is apparent that there are many terms found in the literature to describe the TPLP, and that the terms LSP – Logistics Service Provider or 3PL-third party logistics, are alternatives. Such inconsistency gives rise to confusion and needs some clarification. The very first references to this function found in the early and late 1980s is ‘third party distribution’ or ‘contract distribution’ both being used to represent the customised distribution services requested by the user (Christopher, 1985; Wilson and Father, 1989). In the middle of the 1990s, the term ‘**contract logistics**’ emerged, being introduced by LaLonde and Cooper (1989), and Africk and Calkin (1994), to refer to the various logistics services provided by an external party on a contractual basis, and being characterised by mutually beneficial relationships. At the same time, the emphasis was on a high level of customer service (Bradley, 1994; Razzaque and Sheng, 1998).

Additionally, La Londe and Cooper (1989, cited in Bask, 2001, p, 473) describe contract logistics as “*a process whereby the shipper and the third-party enter into an agreement for specific services at specific costs over some identifiable time horizon*”. Some scholars choose to define TPLP involvement in terms of logistics **alliances** (Bagchi and Virum, 1998; Bowersox, 1990; Van-Laarhoven *et al.*, 2000). They place distinct emphasis on the close relationship between the buyer and the provider of logistics services, considering that the relationship of a TPLP with other parties represents a comprehensive partnership arrangement involving various ranges of products and services on a long-term basis. In the mid-1990s, the term **Third Party Logistics Provider (TPLP)** was widely used in the literature. Earlier scholars defined a TPLP as an external party responsible for performing the logistics function (and thus, adding value) whether this be in its entirety or confined to selected activities that were traditionally performed within the organisation (Bagchi and Virum, 1998; Bowersox, 1996; Murphy and Poist, 1998). Moreover, the idea of a long-term relationship between the buyer (shipper or user) and the TPLP was included (Coyle *et al.*, 2003; Murphy and Poist, 2000; Rafiq and Jaafar, 2007). The other term found to describe the function

performed by TPLPs is **logistics outsourcing**. This represents the purchase of logistic service which had previously been undertaken in-house, from external parties (Coyle *et al.*, 2003; Knemeyer *et al.*, 2003; Knemeyer and Murphy, 2004; Maltz and Ellram, 1997). It is also limited to one or a few types of service (Bagchi and Virum, 1998; Razzaque and Sheng, 1998).

The next definition of the function undertaken by TPLPs is **logistics partnership**. Lambert *et al.* (1999, p. 166) provided a broad definition suggesting “*a tailored business relationship based upon mutual trust, openness, shared risk and shared rewards that yields a competitive advantage, resulting in business performance greater than would be achieved by the firms individually*”. Recent researchers express the same view, believing it to represent a logistics partnership (Grant *et al.*, 2006; House and Stank, 2001; Lambert *et al.*, 1996; Rinehart, 1992; Tate, 1996). A seventh term found in the literature is ‘**involving an external organisation**’. Coyle *et al.* (2003, p. 425) suggest that third party logistics involves an external organisation “*that performs all or part of a company’s logistics functions*”. This rather broad definition appears to suggest that any logistics activity (function), such as transportation, warehousing, or inventory management that is not provided in-house can qualify as third party logistics (Knemeyer and Murphy, 2005a, b). All of these seven terms found in previous studies are documented and illustrated in Figure 2.5. The red arrow represents the term that is being used in this research to define what TPLPs actually do, which is to perform (as an external party to the purchasing organisation) the transportation of the finished product to the dealers. The function can, therefore, be referred to as Third Party Logistics Provision.

**Figure 2.5:** Third Party Logistics Provision as Represented in the Literature between 1980-2010



Source: Developed by the researcher for this thesis

Based on the definitions provided by the scholars reviewed, the researcher uses the term logistics partnership, being aware of the various types of partnership as suggested by Lambert *et al.* (1996). Additionally, the definition embraces ideas expressed in past research on TPLPs, that they are external parties who perform logistical activities either for transportation, warehousing or inventory management. They are known as external parties because they are behind the basic supply chain from the manufacturer to the end customer. Their roles and functions are discussed in detail in the next sub-section. To provide a clearer picture of the definitions of a TPLP, Table 2.4 indicates the meanings attached to the term by previous researchers. However, for the purpose of this study, the definition of a TPLP is limited to the transportation activity provided by the TPLP from outbound perspectives as this forms the focus of the current research as pointed out in the last lines of Table 2.4.



**Table 2.4:** Definitions of the Term Third Party Logistics Provider (TPLP)

<b>Author (Year)</b>	<b>Definition</b>
Berglund (1999)	An independent firm that offers multiple logistics services on behalf of a shipper or customer.
Coyle <i>et al.</i> (2003)	Is an external provider that undertakes all or part of a company's logistics function.
Porter (1985)	Is an external party who handles inbound and outbound logistics activities.
Rafiq and Jaafar (2007)	Is an external party who performs logistics activities.
Razzaque and Sheng (1998)	Is an expert in logistics activities who provides single or multiple logistics service with a strong emphasis on customer service
Sheffin and Semeijn (1990)	Is a mega carrier which offers virtually 'one stop shopping' for transportation and logistics needs.
Wilson and Fathers (1989)	Is providing tailored, dedicated, contractual solutions to the distribution needs of others.
<b>Researcher</b>	<b>The above definition could be applied to the automotive industry in Malaysia and applicable for this research as an external party who provides logistics activities such as transportation activities to the customer (in this research a car manufacturer) for the purpose of the delivery of the finished product from car manufacturers to car dealers.</b>

Source: Developed by the researcher for the purpose of this research

### **2.3.2 The Importance of Third Party Logistics Providers (TPLPs) in Supply Chain Distribution Activity**

There is no doubt that TPLPs make an important contribution to supply chain effectiveness, especially in terms of the delivery chain within distribution, since the main channel members (suppliers, manufacturers, wholesalers and retailers [dealers]) cannot perform their logistics activities, and especially those involving transportation, independently. Such inability stems from the fact that the cost of logistics activity is high and most of the main channel members do not possess the capabilities or the expertise required to undertake this in-house. Moreover, these channel members need to focus on their core business activity with the aim of cost saving (Sheffi, 1990; Bardi and Tracey, 1991; Lynch, 2000; Wilding and Juriado, 2004). From the existing literature, it can be observed that the transportation service offered by the TPLP is the visible element of logistics as it is the one mostly used by the channel members in the supply chain (Logan, 2000). Whether in the form of materials, components, work in

process or finished goods, the basic value provided by transportation is to move inventory to specified destinations.

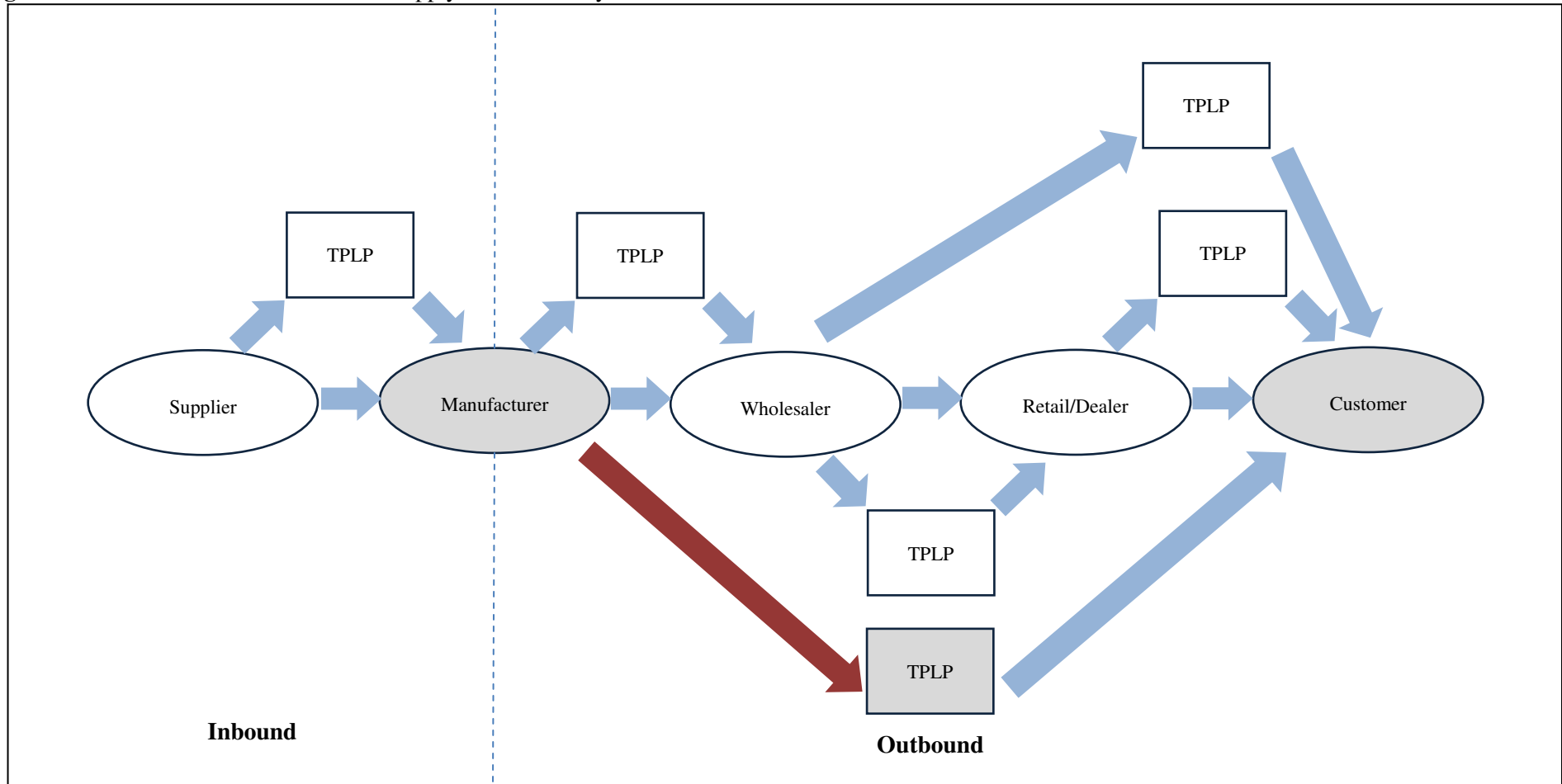
The role of logistics is always considered to be to move the product from the point of origin to the point of consumption, so the primary transportation value proposition is the product movement through the supply chain. The performance of transportation is vital to procurement, manufacturing and customer accommodation (Bowersox *et al.*, 2010). Previous studies which have addressed third party logistics provision have considered both perspectives - namely direct logistics and reverse logistics (for example see: Autry *et al.*, 2001; Pokharel and Mutha, 2009; Sharif, 2009). A recent report by Langley (2008) shows the total percentage of logistics expenditure in some countries to be high (49% in North America, 61%t in Europe, 57% in Asia Pacific, and 48% in Latin America) and predicts that these percentages will continue to grow in all regions over the next few years. This is because of the recognition that the use of a TPLP in business activity can increase company competitiveness, and indeed is becoming vital for the future survival of companies (Bask, 2001; Bolumole, 2001; Fernie *et al.*, 2000; Fugate *et al.*, 2008 Halldorsson and Skjott-Larsen, 2004; LaLonde and Masters, 1994; Stank *et al.*, 2003). Hence, there is an urgent need to know more about the role and status of TPLPs.

Furthermore, given the important function undertaken by TPLPs, it can be understood that companies must select the best provider for their particular logistics activities, since the provider will have a contribution to make to overall company performance, as it enters the 'family' context and becomes 'related'. In the context of industries like the automotive industry, it is much more important than in other industries like food, to choose the right TPLP since the product is of high value, potentially amounting to more than one million dollars in one delivery. Hence, any problem or accident could have severe repercussions, affecting company performance, and ultimately dealers and customers. In general, the main criteria to be considered when choosing a TPLP are the provider's ability to cover particular destinations, and his/her IT capabilities, since advanced IT systems support the management of the supply chain management (Hallordson and Skjott-Larsen, 2006). Information Technology not only improves communication with the partner, but in the logistics context it may also help the logistics process, since a GPS system enables the effective monitoring of trucks and/or

carriers during the delivery process from point A to point B, for example. Clearly, in the Western context, TPLPs possess better IT systems than in developing countries because of the differences in levels of advancement and the high costs of IT which make it prohibitive in some developing country contexts, not only from the individual company viewpoint, but also because the telecommunications infrastructure has not yet been put in place by governments.

From reviewing the literature, it is reasonable to conclude that the principal reason why companies contract with TPLPs in respect of their logistics activity is to allow them to focus on their core business, since by doing this, they effectively maximise their investment which does not have to be directed towards financing in-house expertise that they currently do not possess (Bardi and Tracey, 1991; Lynch, 2000; Sheffi, 1990; Wilding and Juriado, 2004). Therefore, developing a long-term relationship with a TPLP is vital, since as mentioned earlier, the TPLP becomes a part of the family - a partner of the company. Whilst being an important partner, however, the TPLP is often not seen since it operates behind the basic chain; hence, Figure 2.6 is produced in order to provide a clearer explanation of the involvement of the TPLP in supply chain activity. From Figure 2.6 it can be seen that a number of different stakeholders are involved in the chain - main members namely suppliers, manufacturers, wholesalers, retailers or dealers, and customers, and at each point within the chain, the TPLP has a role to play in providing the logistical support such as transportation. In detail, the right side of the figure shows the outbound side logistics activity (also known as distribution activity), while on the left side of the diagram the inbound logistics activity (the use of the TPLP to bring the materials from the suppliers to the manufacturers) is depicted. The red line shows the focus of this research.

**Figure 2.6:** The Positions of the TPLP in Supply Chain Activity



Source: Developed by researcher for this research

The next section explores the existing research on TPLPs.

### **2.3.3 Previous Research on Third Party Logistics Providers (TPLPs)**

The issue of third party logistics provision has been popular in recent research efforts. However, the studies reported are primarily descriptive and demographic in nature, resulting in a weak theoretical basis (Lieb and Bentz, 2005b). Different aspects have been investigated, such as the TPLP selection process (Bardi and Tracey, 1991; Gol and Catay, 2008); the logistics service performance of TPLPs (Griffis *et al.*, 2007; Jaafar and Rafiq, 2005; Kun Cho *et al.*, 2008; Knemeyer and Murphy, 2004; Mentzer *et al.*, 1999; Stank *et al.*, 2001; Stank *et al.*, 2003), and the logistics partnership (Bask, 2001; Boyson *et al.*, 1999; Daugherty *et al.*, 2009; House and Stank, 2001; Knemeyer *et al.*, 2003; Lambert *et al.*, 1999; Moore and Cunningham, 1999; Panayides and So, 2005; Rinehart, 1992; Tate, 1996; Wallenburg, 2009). It could be concluded that most previous studies in this connection have focused on the Western rather than the non-Western or Eastern context (see for example, Boyson *et al.*, 1999; Daugherty, 2009; Grant, 2005; Griffies *et al.*, 2007; Jaafar and Rafiq, 2005; Knemeyer and Murphy, 2005a,b; Mentzer *et al.*, 2001; Rafiq and Jaafar, 2007; Stank *et al.*, 2003; Wallenburg, 2009). And whilst there do exist some studies in the Eastern context, they are much smaller in number than those conducted in Western countries, and come from just a handful of researchers, these being: Bhatnagar *et al.* (1999); Sohail and Sohal (2003); Sohail *et al.* (2006); Tian *et al.* (2008) and Wang *et al.* (2006).

Research on TPLPs is identified as a critical topic as the use of TPLPs in the industry is expected to grow from year to year. A recent study by Langley (2008) points out that the trend of total logistics expenditure in Western Europe and in the US is increasing annually, from which it can be concluded that the same expansion will occur in other countries, Western or otherwise. That said, there is no evidence of any reliable study or record on the actual logistics expenditure in developing countries in South East Asia (SEA) or other countries in Asia, although a study by Bhatnagar *et al.* (1999) in Singapore, and one by Sohail and Sohal (2003) in Malaysia, have confirmed the importance of the logistics industry in developing country contexts. In general, however, there has been little academic discussion about TPLPs in the South East Asia countries, and all research that has been conducted is lacking in generating insight into the relationship between the parties in the dyad, i.e., the buyer and the TPLP. Moreover, these studies in Malaysia and Singapore were merely exploring the issue of logistics performance and the use of TPLPs, whereas the various pieces of research undertaken in

the West were more focussed, exploring, for example, relationships, logistics performance, factors considered when selecting TPLPs, and others as mentioned earlier. Hence, there is strong justification for conducting a study in a non-Western context to further develop and enhance the theory on third party logistics provision.

It is believed that research on TPLPs began to gain popularity in the early 1990s, when a study by Sheffi (1990) explored the causes of firms' involvement with such logistics providers. Sheffi (1990) found that several reasons underpinned such actions, these being: firms were searching for better transportation solutions, wanting to reduce logistics costs, and wanting to improve their logistics services; and the use of a TPLP was believed to bring added value to companies and subsequently enhance their performance. In fact, the relationship with a TPLP is considered not only to add value to a company, but also to create a win-win situation for both that company and the TPLP, since both experience improvements in their overall revenue (Lynch, 2000).

In the study by Bhatnagar *et al.* (1999) on TPLPs in Singapore, it was found that the logistics service performance associated with the use of a TPLP had become the indicator for the evaluation process of third party logistics provision in the country. On time shipment, inventory accuracy, customer complaints and shipping errors emerged as the more important measures employed by the users. Hence, if the performance of the TPLP is good in these areas, customer satisfaction will be increased. However, this particular study, whilst informative, has its focus firmly on the buyer perspectives, and it fails to consider the contributing factors in a successful logistics relationship between the buyer and the provider, which it is important to learn about. The lack of a holistic approach means that valuable insight into both parties is not obtained, and consequently, there remains a need to explore the issue of third party logistics provision from the buyer and TPLP viewpoints. An examination of both operational and relational factors in dyad logistics partnership success is crucial since it will provide a clear and better understanding of the issues in partnership which have so far received little research attention. With regards to the role of operational factors in the performance of the logistics provider, Griffis *et al.* (2007), in his study on the inbound side, suggests a number of measurements that can be used to examine success. These are: time delivery percentages, days an order is late, order cycle time variability, number of items picked per person per hour, average line item fill rate, and percentage of error in the pick rate

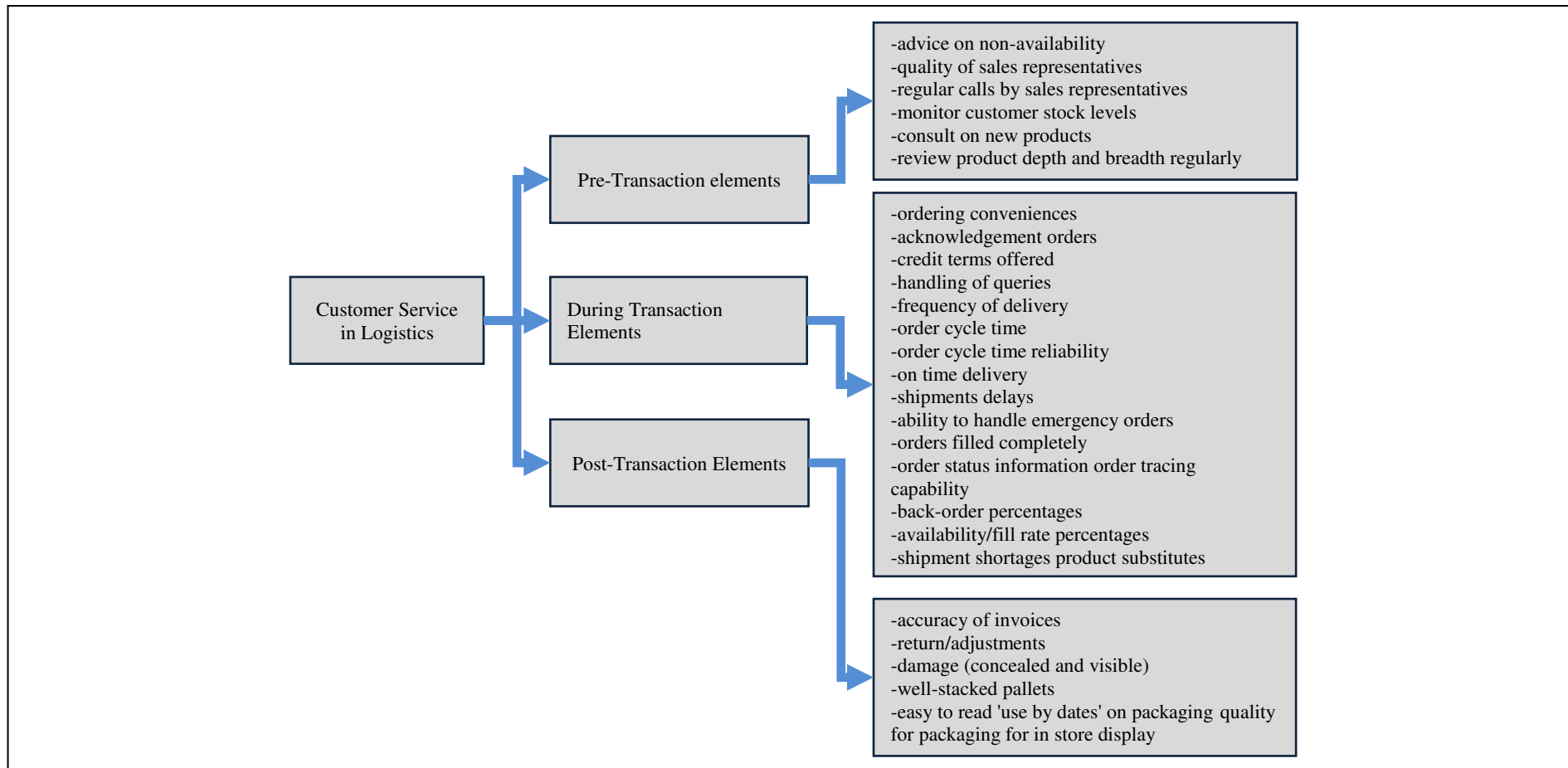
(inbound logistics). This type of overall measurement strategy can also be used to evaluate the customer service quality of TPLP providers from the outbound perspectives in another context. Indeed, in addition to concentrating on the inbound logistics, investigations should also cover matters relating to the outbound side, such as the delivery of the finished product to the retailers or dealer by the TPLP on behalf of the manufacturer. Such research effort is vital since the TPLP performance in this respect has an impact upon the end customer. Furthermore, in order to allow for a holistic examination of TPLP issues, the traditionally-used survey approach needs to be rejected in favour of a case study approach, since the latter is known to produce a deep appreciation of the phenomena being observed.

Mentzer *et al.* (1999) conducted a cross-sectional survey of customer perceptions of the service provided by TPLPs in the USA, finding order discrepancy handling to be the only factor that influenced the perception of logistics service quality. Much more recently, Rafiq and Jaafar (2007) have continued the work of Mentzer *et al.* (1999) in the UK, by examining eight factors which have an impact upon the perception of logistics service quality (LSQ), although only five of these factors were related to outbound customer satisfaction. These five factors were seen as being: information quality, ordering procedures, timeliness, personnel quality, and order discrepancy handling. The other three factors tested by Rafiq and Jaafar (2007) were order quality, order release quantities, and order accuracy, but as previously mentioned, they were not really applicable since most of the respondents used TPLPs for outbound activities only. However, a strong point of the study was that it involved a multi-industry approach and consequently, it can be said to have the ability to generalise well. That said, the results might have been different had there been a definite focus on only one industrial sector. For instance, there is no doubt that TPLP performance in delivering food products is important, especially where they are perishable, but in other industries, such as construction and automotives, the product involved is of extremely high value, and just one car carrier delivering four to six vehicles might have a half-million pound load. In such cases, the parameters associated with TPLP performance might be different. Hence, the study by Rafiq and Jaafar (2007) with its multi-industry approach, needs to be supplemented by other studies that focus on individual industries that might have special characteristics.

Customer satisfaction in the TPLP context is related to the element of the logistics customer services, as claimed by Grant *et al.* (2006). Customer service is defined as an output of the three elements of the logistics system, namely pre-transaction, during transaction, and post-transaction elements, all of which bring value added benefits to the buyer or user (La Londe *et al.*, 1998). Grant *et al.* (2006), also stress that the pre-transaction elements are related to the organisation's policies regarding customer service and can have a significant impact on customers' perceptions of the organisation and their overall satisfaction. Basically, elements in the pre-transaction phase are not direct logistics activities but consist of plans that must be formulated before the organisation can begin to implement its customer service activities; transaction elements are those which occur during the transaction; and post-transaction elements support the product(s) or service(s) after the customer service has been received. This model of transaction elements as suggested by Grant *et al.* (2006) is illustrated as Figure 2.7. The focus of the logistics partnership is essentially on the 'during transaction level', in which all the services purchased from the TPLP should be provided, both in the inbound and outbound contexts. Consequently, these services should be the ones that give an indication of the TPLP's performance, and hence, are what should be evaluated.



**Figure 2.7:** The Transaction Elements in Customer Service Logistics



Source: Grant *et al.* (2006)

A study by Daugherty *et al.* (1996) discussed purchasers' perceptions of TPLPs in the USA, using a survey strategy. The focus was on examining the purchasers' perceptions of TPLP capabilities and the variations in levels of performance. It emerged that the logistics suppliers in the survey performed best in the area of responsiveness and flexibility. The four areas receiving the highest ratings in term of supplier capabilities were: making an effort to help in emergencies, handling change well, being flexible in response to requests, and providing emergency services. A few years later, Stank *et al.* (2001) explored the issue of logistics service performance from the viewpoint of internal and external collaboration, revealing that internal collaboration significantly influences logistics service performance, and thereby suggesting that firms should promote co-operation and collaboration across their internal processes in order to facilitate logistical effectiveness. Stank *et al.* (2003) considered logistics service performance and its influence on the market share from the TPLP perspective, investigating the relationships between service performance, customer satisfaction, customer loyalty, and market share, and the results indicate that all these factors could be used within an evaluator framework that would provide a holistic approach to attempts to capture service performance in the business-to-business context. And in another study, Knemeyer and Murphy (2004) relate the level of the relationship (trust and communication) to the buyer's perception of TPLP performance.

It can be concluded that in order to gain a clearer understanding of the logistics partnership, both operational and relational dimensions must be explored since only by doing this can a complete picture be achieved.

In a more recent commentary on logistics outsourcing, Kun Cho *et al.* (2008) recommend that firms should not go down this path if they are already equipped with strong in-house logistics capability and competencies that can in themselves bring competitive advantage to them. As far as capabilities are concerned, Lai *et al.* (2008) investigate both the antecedents and consequences of IT capability among TPLPs, finding the IT use by the TPLP is vital for TPLP efficiency. For example, superior IT facilities allow TPLPs to be more systematic in performing their jobs. Additionally, IT can enhance the means and quality of communication between the buyer and provider, thereby reducing the possibility of error. Essentially, Lai *et al.* (2008) were able to demonstrate that the use of IT has a definite effect upon TPLP performance, and that

merely the investment in it shows a resource commitment and managerial involvement in developing IT capability for the effectiveness of the business. Indeed, resource commitment and managerial involvement seem to be the main factors in the development of IT capability. Moreover, IT capabilities that allow for effective service performance, help in securing customer loyalty. In a study by Davis and Mentzer (2006), focusing specifically on loyalty issues, it was found that there are two important elements from the customer's viewpoint, these being the problem solutions capability, and the reliability of the TPLP. In this study, the researchers pointed to the importance of the TPLP keeping promises, and showing commitment to problem-solving, and to taking action where necessary. However, whilst useful, the study has the common weakness of only considering one side of party (the customer), and therefore, possibly introducing biased ideas in the absence of any provider perspective.

In another study, Evangelista and Sweeney (2006) explored ICT adoption in small TPLPs in the Italian market, using a sample of 153 small Italian TPLPs. The results demonstrate a significant difference with regard to future investment plans between the small and large providers, which is not surprising since smaller providers might have less capital for investment than larger providers, and the cost of ICT to meet the needs of the logistics industry is high. Hence, it features as a barrier to the effectiveness of small providers, who may not be able to underwrite the sophisticated ICT systems of their larger competitors. This issue of financial resources is also one faced by some of the less developed countries, where funds are less plentiful, and where the overall country capability might be less advanced in IT infrastructure, meaning that logistics practices must be different. As a result, it is important to conduct research in the non-Western context with regard to third party logistics provision, since this will generate a non-Western perspective.

It is recognised that involving a TPLP will add value to a company. Power *et al.* (2007) suggest that outsourcing is a good way to create value, and that the use of a TPLP to perform logistics activities will increase firm performance and end-customer satisfaction. The study by Power *et al.* (2007) was undertaken in Australia, and reported that TPLPs' clients place significant value on the services they receive, on the technologies their TPLPs use, and on the price they pay for these services, because their overall objectives are to keep logistics costs low. In respect of the technologies used by

TPLPs, these include: advance shipment notification (ASN), automated storage and retrieval systems (AS/RS), electronic data interchange (EDI), bar-coding, RFID, the internet, portal technologies, intranets, satellite, communication technology, warehouse management system (WMS) and others. Having identified all of these as important, there is an opportunity for the current researcher to see what kind of IT capability is important in the logistics partnership in the automotive industry.

Recently, Jeffers (2010) has stressed that information is a significant value for any supply chain relationship, including that within the logistics industry where there is a strong dependence upon co-ordination, timeliness, visibility and transparency. Moreover, technology such as the internet allows managers to have greater advantage and accuracy in ensuring customer satisfaction by enhancing their organisations' ability to offer more personalised and reliable experience, and by reducing order-processing error and response time (Sharif *et al.*, 2007). Accordingly, Daugherty *et al.* (2009) verify that information capability and firm-wide integration positively affect logistics performance. Additionally, having accurate information about customer requirements means that logistics providers are better able to respond to those demands. However, although existing research confirms the importance of accurate and timely information in the logistics activity, it does not provide an in-depth understanding of how this relates to success in the buyer-TPLP relationship, and the question remains as to whether information sharing is a critical success factor in this respect. Recently, a study by Tian *et al.* (2010) found that a customer orientation on the part of a logistics provider significantly affects customer satisfaction with the service received.

As the current research explores the situation in Malaysia, which is classified as a developing, non-Western country, it can be seen that it is quite unique in its intention, since there has only been one study so far that has considered the logistics relationship in the Malaysian context, and that comes from Sohail and Sohal (2003). In that study, it was found that the use of contract logistics services in Malaysia currently has its primary focus on the domestic operation. About 75% of firms surveyed used such services from TPLPs for both international and domestic operations. However, only two respondents indicated that their companies used TPLPs purely for international activities. Hence, it can be understood that in Malaysia, third party logistics provision is mainly used for domestic operations, and that knowledge can be generalised to other

developing countries. The results also show that the cost and service factors are the most important aspects taking into consideration when making the final selection of a TPLP. This knowledge provides an opportunity for research into how these two factors impinge upon the success of each logistics relationship, and ultimately upon the long-term relationship with TPLPs in developing contexts. Other studies of TPLPs have also been undertaken in other Eastern countries, for example in Singapore (Bhatnagar *et al.*, 1999; Bhatnagar and Viswanathan, 2000); Thailand (Kunadhamraks and Hanaoka, 2008); Saudi Arabia (Sohail and Obaid, 2005); China (Hong and Liu, 2007; Lai *et al.*, 2008; Tian *et al.*, 2008; Wang *et al.*, 2006) and India (Vijayvargiya and Dey, 2010). In order to provide a clearer picture on the issue of TPLP from the previous studies, the researcher has documented key research concerning the third party logistics relationship in Table 2.5. This taxonomy explains those issues that have been studied in existing research with regard to TPLP, and from that, it can be seen that most researchers have concentrated on operational issues, such as the LSP provided by TPLP, the use of IT, information sharing, selecting the TPLP, the method used in analysing the TPLP. Some of these factors are investigated in the current study and are used as the basis of the conceptual model presented in Chapter Three.

**Table 2.5:** Key Previous Research on TPLPs

<b>Author (Year)</b>	<b>Type of Research</b>	<b>Area of Investigation/Key factor or dimension</b>	<b>Method and Research Setting</b>	<b>Key Findings / Recommendations</b>
Bhatnagar <i>et al.</i> (1999)	Empirical (positivist)	TPLP in Singapore (operational and outcome).	Survey, Singapore	The parameters for assessment of TPLP is service quality, company reputation, range of service provided, past experience and word of mouth. Fill rates, stock outs. Warehouse cycle time and total order cycle time are not considered as important performance measures by many companies. On time shipment, inventory accuracy, customer complaints and shipping errors are the more important measures employed by the users. Hence, if the providers could perform well in these areas, it is likely to result in a high level of satisfaction.
Bolumole (2001)	Empirical (interpretivist)	Supply chain role of TPLP (operational).	Qualitative	Service providers' ability to develop supply chain solutions is conditioned by four factors: the strategic orientation of the outsourcing organization; its perception of service providers' role within the logistics strategy; the nature of the resultant client-provider relationship and the extent to which the logistics process is outsourced.
Dadzie <i>et al.</i> (2005)	Empirical (positivist)	Customer service in the Internet-enabled logistics supply chain (operational and outcome).	Survey	Website design features have no direct influence on customer intended loyalty. Of the three logistics customer service activities (in stock availability, cycle time and customer responsiveness), only customer responsiveness quality assessment shows significant and positive influence on customer intended loyalty.
Davis and Mentzer (2006)	Empirical (interpretivist)	Logistics service driven loyalty (operational and outcome).	Interviews	Problem resolution and reliability were the two main elements that could increase loyalty (from the customer's point of view). Developing long-term relationship between partner in a partnership that constitutes supply chain management cannot exist without loyalty. Power asymmetry also affects the supply chain relationship.
Daugherty <i>et al.</i> (2009)	Empirical (positivist)	Information capability and its influence on the logistics performance (operational).	Survey	Information capability and firm-wide integration positively impacts upon logistics performance.
Evangelista and Sweeney (2006)	Empirical (positivist)	Technology usage in small TPL (operational).	Survey	Provides a useful technological profile of the surveyed companies, as well as an analysis of the role of ICT in customising services and of the factors influencing ICT adoption.

<b>Author (Year)</b>	<b>Type of Research</b>	<b>Area of Investigation/Key factor or dimension</b>	<b>Method and Research Setting</b>	<b>Key Findings / Recommendations</b>
Griffis <i>et al.</i> (2007)	Empirical (positivist)	Logistics performance measure in inbound logistics (operational).	Survey	For operational measurement of inbound logistics performance, can use on time delivery percentage, days order late, order cycle time variability, items pick per person per hour, average line item fill rate and percent error pick rate.
Jaafar and Rafiq (2005)	Empirical (positivist)	Logistics outsourcing practices operational and outcome).	Survey, UK	Companies go for logistics outsourcing to reduce cost.
Jeffers (2010)	Empirical (positivist)	Information technology in TPLP (operational and outcome).	Survey	Proposed customer-centric approach for enhancing financial performance of TPL firms.
Knemeyer and Murphy (2004)	Empirical (positivist)	Evaluation of TPLP performance in logistics arrangement (Operational and relational).	Survey, US	The level of the relationship dimensions of trust and communication were shown to directly influence the buyer's perception of various TPL performance factors. Communication significantly influences both operations and channel performance.
Kun Cho <i>et al.</i> (2008)	Empirical (positivist)	Logistics outsourcing and firm performance in an e-commerce market (operational).	Survey	Firm should avoid logistics outsourcing if performance is predicted on competitive advantage due to internally strong logistics capability and competencies.
Lai <i>et al.</i> (2008)	Empirical (positivist)	Information technology and TPLP in China (operational and outcome).	Survey	IT capability significantly affects three important dimensions of the competitive advantage of the firm namely:- i. Reducing cost ii. Providing innovative and customized service iii. Improving service quality
Lewis and Talalayevsky (2000)	Conceptual	Information system and TPLP (operational).	NIL	Significant improvements in information technology are leading to lower transaction costs and allow all the participants in a supply chain to deal with increased complexity.
Lieb and Bentz (2005a)	Empirical (positivist)	The use of TPLP in US (operational).	Survey in US	Contract renewal rate among TPL is high. The determinants of renewal of the TPLP contract from the users are from 3 main factors namely service consideration, followed by cost consideration and IT capabilities. However, several other considerations should be noted, i.e. provider responsiveness to client needs, their willingness to 'partner' with their clients, their specific industry expertise, the scalability of the solutions offered and the attitude and enthusiasm of the provider.

Author (Year)	Type of Research	Area of Investigation/Key factor or dimension	Method and Research Setting	Key Findings / Recommendations
Marasco (2008)	Conceptual	A review on third party logistics literature.	NIL	A review of 152 TPLP articles, empirical research on TPLP is largely based on surveys (about 64% of articles) compared to case studies is only about 25%. Indeed, the call for more research using case study is needed as case studies represent a very useful and appropriate instrument for research on relationships as they allow an in-depth, "multi-perspectival" analysis.
McKinnon (2006)	Empirical (interpretivist)	Life without trucks- the dependence of the UK economy on the road freight sector.	Interviews	Importance of road freight transport. The impacts of without truck was highlighted and focus on the following characteristics: distribution is exclusively or predominantly by road, delivery by road is highly time-sensitive, limited inventory is held in the supply chain, order lead times are short, they exert strong influence on the level of economic activity and the quality of life.
Mentzer <i>et al.</i> (2001)	Empirical (positivist)	Logistics service quality (operational).	Survey	Personnel contact quality, order release quantities, information quality, ordering procedures, order accuracy, order condition, order quality, order discrepancy handling, timeliness and satisfaction are the nine component of the logistics service quality
Power <i>et al.</i> (2007)	Empirical (positivist)	Adding value through logistics outsourcing (operational and outcome).	Survey	The findings from this study indicate that customers of TPLPs place significant value on the services they provide, technologies they use and the price because the objective of the customers is 'low cost'. For use of technologies constructs, the result shows that there is a strong connection between the use of technology by TPLPs and improvements in TPLPs' customer performance.
Qureshi <i>et al.</i> (2007)	Empirical	Logistics outsourcing relationship and improvement on customer productivity (operational and outcome).	Modelling	Logistics outsourcing benefit the customer through cost reduction.
Rafiq and Jaafar (2007)	Empirical (positivist)	Customer's perception on logistics service quality (LSQ) provided by TPLP (operational).	Survey in UK	Logistics practice heavily involves inter-organisational information systems such as the Internet and electronic Data Interchange in exchanging information due to the complexity of logistics operation and inter-organisational relationship. Five factors influence the perception of LSQ which are namely, information quality, ordering procedures, timeliness, personnel quality and order discrepancy handling. Other factors tested in this study are for example, order quality, order release quantities and order accuracy but these were not really applicable because most of the respondents used TPLPs for outbound activities.



<b>Author (Year)</b>	<b>Type of Research</b>	<b>Area of Investigation/Key factor or dimension</b>	<b>Method and Research Setting</b>	<b>Key Findings / Recommendations</b>
Selviaridis and Spring (2005)	Conceptual	Literature review and research agenda of TPLP.	NIL	The results of the review of the literature reveal that TPLP research is empirical, descriptive in nature and that it generally lacks a theoretical foundation. Survey research is the dominant method employed, reflecting the positivist research tradition within logistics.
Sinkovics and Roath (2004)	Empirical (positivist)	Strategic orientation and performance in manufacturer-TPLP relationship (operational).	Survey	The relationship between customer-oriented strategy and logistics performance is direct, manufacturers seek to improve their internal efficiencies by working with TPLP. By relying on a TPLP to deliver particular logistics and distribution service, the manufacturer can increase delivery service efficiency.
Sohail and Sohal (2003)	Empirical (positivist)	The use of contract logistics in Malaysia (operational).	Survey among manufacturers in Malaysia,	The use of TPLPs in Malaysia is basically for domestic operations. Only two manufacturers indicate they use TPLPs for international business. Cost and service factors are the most important considerations in making the final selection. Reputation and experience of the contractor.
Stank <i>et al.</i> (2001)	Empirical (positivist)	Collaboration and logistics service performance (operational).	Survey in North America, Europe and Pacific Rim, multi industry	Internal collaboration significantly influences logistics service performance, which implies that firm should promote co-operation and collaboration across internal processes to achieve logistical effectiveness
Stank <i>et al.</i> (2003)	Empirical (positivist)	Logistics performance and its influence on the market share (operational and outcome).	Survey	Relational elements are the main important factors that differentiate excellent from ordinary TPLP services, but TPLPs, should not however, ignore the operational needs for on-time delivery as required by clients, and must meet their customers' expectation with a frequency that brings them the desired added value.
Wang <i>et al.</i> (2006)	Empirical (positivist)	TPLP in China.	Survey, China	Logistics service providers must continually improve their service quality and develop new services, or they will not survive the intense competition from deregulation of the logistics market.

Source: Developed by researcher for this research

From the review of the existing studies, as discussed above, it can be seen that there are also a number of studies that consider the relationship issues in the logistics alliance, and the following sub-section explores these in order to obtain a comprehensive picture in this respect, as the issues have appeared during the evolution of SCM over the last thirty years.

## **2.4 Logistics Partnerships**

Previous researchers have referred to the logistics partnership as the relationship between a TPLP and the customer (user/buyer/client), and it exists when the customer commissions the TPLP to perform logistics activities, such as transportation, either in respect of inbound logistics, outbound logistics, or indeed both. For the purpose of this research, the logistics partnership refers specifically to the relationship between the CM and the TPLP as indicated in Chapter One. Before proceeding to consider previous research in this area, it is appropriate to gain a sound appreciation of the definition in use.

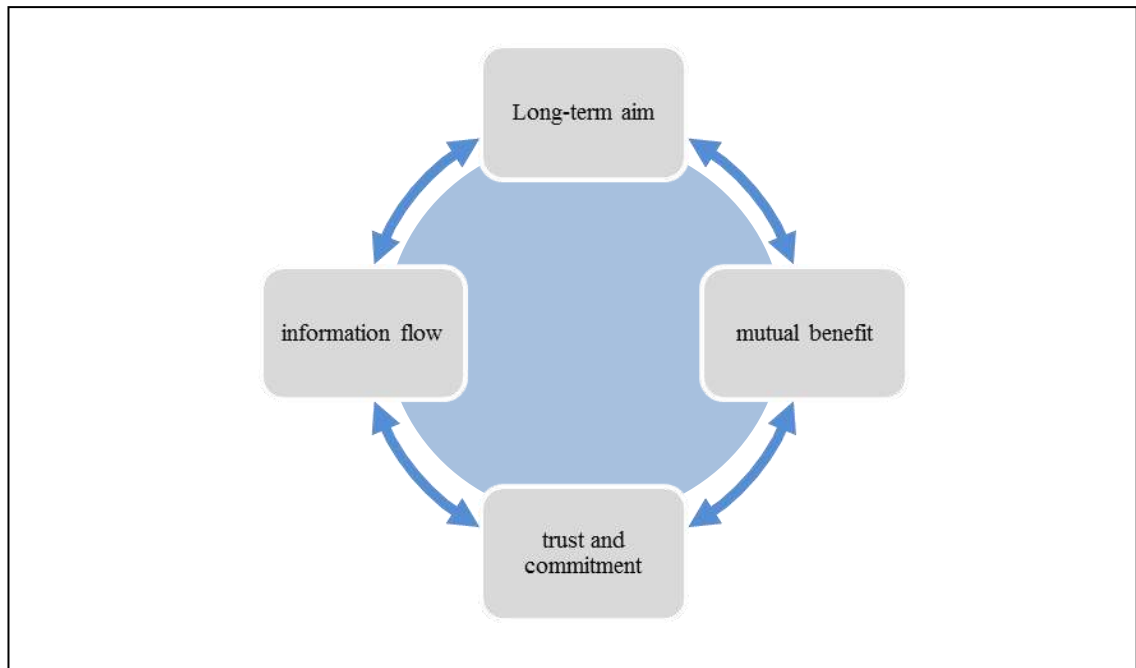
### **2.4.1 Definition of Logistics Partnership**

Various definitions of the logistics partnership have been offered by scholars, all of which include features such as mutual benefit, long-term aim, trust and commitment, and considerate information sharing. As emphasised by Gardner and Cooper (1994, p.123), *“a traditional business-to-business relationship is transactional while a partnership style relationship extends over a long period of time and involves sharing of benefits and burdens, involves extensive planning, includes detailed operational information exchange and allows operating control across firm boundaries”*. Tate (1996) describes the logistics partnership as a marriage, which requires constant work from both sides, and adds that the most important thing is for both parties to understand each other’s needs. Lambert *et al.* (1999, p.166) claim that *“in fact, outsourcing arrangements are often assumed to be partnerships”*, thereby acknowledging that outsourcing is embarked upon with the intention to be in the alliance for a long time. From this it is clear that the hope is for both parties to work closely together and to remain loyal to each other for their mutual advantage, and consequently, research in the

field of logistics partnership is extremely important in order to determine what factors contribute towards its success.

The focus on the long-term relationship is critical in the logistics partnership, and demands the development of trust, and risk sharing between the two parties, such that they achieve the mutual benefit which is the goal of the partnership (Dwyer *et al.*, 1987). La Londe and Cooper (1989, p.6) agree, viewing the logistics partnership as “*a relationship between two entities in a logistics channel that entails the sharing of benefits and burdens over some agreed upon time horizon*”. In her publication in the *Journal of Supply Chain Management*, Ellram (1995) defined the logistics partnership as an agreement between a buyer and a provider that involves a commitment over an extended time period and includes the sharing of information along with a sharing of the risks and rewards of the relationship. Considering these various definitions, it can be concluded that the logistics partnership is aiming for a long-term relationship between the two partners with the aim of producing a win-win situation through mutual trust and information sharing. Therefore, in this study, the researcher defines the logistics partnership as a relationship between the buyer (the user of the TPLP) and the third party logistics provider (TPLP) with the aim of mutual benefits and with some consideration of information sharing as emphasised by the researcher earlier in section 2.2.1. The partnership in the supply chain is illustrated in Figure 2.8, which shows four main features which have been highlighted by previous researchers, namely long-term aim, mutual benefit, information sharing, and trust and commitment.

**Figure 2.8:** Logistics Partnership Characteristics



Source: Developed by the researcher for the purpose of this research

It is clear that the idea of mutual benefit is central to the notion of the logistics partnership but the question of whether every such partnership succeeds in producing this is an important one. If the answer to that question is yes, then it is important to establish what are the contributing factors that can help to develop that success; if the answer is no, then it is equally important to know the reasons for the failure. The research to date is expected to provide some insight into these issues, and the next section explores the existing studies in the field of logistics partnerships in the hope of highlighting whether current theory can provide a satisfactory explanation.

#### **2.4.2 Previous Research on Logistics Partnerships**

Research on the logistics partnership became popular in the 1990s (see Ackerman, 1996; Gardner and Cooper, 1994; Lambert *et al.*, 1999; Tate, 1996). Tate (1996) highlighted the increasing numbers of companies entering such long-term relationships and the fact that these companies were careful in their selection of the TPLP, in recognition of the understanding that they would work together as partners, and that any souring of that relationship would impact upon organisational performance. As has been

stressed earlier, the partner is considered as having become a family member, and any problem with a family member has repercussions for the rest of the family. Therefore, it is important for all parties in the relationship to fulfil their role to the best of their ability, in order to ensure that the partnership is success. Success is not guaranteed, in which respect, Lambert *et al.* (1999, p.165) claim that “*as evidenced by recent failures, not all of these so called partnerships are successful*”. Lambert *et al.* (1999) developed a model of the partnering process in the logistics partnership, noting that the relationship or partnership will become strong and succeed when there are strong drivers for mutual benefits, joint planning, two-way communication, risk and rewards sharing, trust and commitment, and a contract which is produced in a style that facilitates the liaison between the two parties. The strongest partnership appears to be one in which the contract is either unwritten, or exists purely for legal purposes and that can be used simply a guideline for day-to-day operations.

Accordingly, they claim that “*investigations from one side of the partnership will fail to reflect accurately the dynamic forces that bond or break the partnership*” (Lambert *et al.*, p.169) and thus called for future research on partnerships to have a dyad relationship as the minimum unit of analysis. It is important to highlight that a deeper investigation of the logistics partnership is needed to gain a clearer picture of the contributing factors for the success of the logistics partnership in certain contexts such as the automotive industry, since research to date has rarely concentrated on specific industrial contexts, and different industries might produce different results, especially, when in the non-Western context. Clearly, additional research of this kind will enhance the current TPLP theory.

Leahy *et al.* (1995) consider the logistics relationship from the provider’s perspective in the United States, finding that timeliness, the provider’s knowledge, number of services offered, control and performance appraisal, trust and goal sharing, are all crucial in determining relationship success. Moreover, knowing that these factors are important helps TPLPs to improve their customer relationship, bringing increasing satisfaction. Thus, it could be noted that both parties in the logistics partnership should know and fulfil their roles in order to achieve a successful relationship. And given the equal importance of both parties, in analysing the logistics partnership, the investigation should be from both buyer and TPLP perspectives since only by such complete

coverage can a holistic understanding be produced. Indeed, an examination from one perspective only will only give partial findings, and could not be used to build a model for successful partnering in the logistics partnership.

Ackerman (1996, p.35) cited the case of a logistics relationship between the food industry and its public warehouseman in a 1970s article, saying that an angry respondent had written a letter to the magazine in question asserting that “*the public warehouseman is no more in partnership with his customer than a mortician is in a partnership with a corpse*”. In his article, Ackerman (1996) stresses there are several reasons why a logistics partnership might fail, these being: each party does not understand their responsibility in work terms, one party is unable to perform as promised, service failure on the part of the TPLP, and loss of interest on the part of the TPLP because of insufficient profit. And similar research by Lambert *et al.* (1999) that explored partnership failure among eighteen relationships in leading-edge firms in different industries, proposed poor communication, lack of top management involvement, lack of trust, weak planning, and different goals being held by each party, as factors that cause relationship failure.

It should also be highlighted that in the logistics partnership, the buyer or the customer of the TPLP actually needs the TPLP to help them to achieve efficient logistics activity, and not only to be responsible for transportation. Hence, the TPLP must understand its customer’s expectation from the partnership, whilst also making sure that the partner understands that the TLP itself wishes to fully utilise its assets and ensure profit. So, it can be understood that a mismatch between the aims of the two parties (TPLP and customer) is evident, since one wants to fully utilise all its capabilities and therefore, maximise financial returns, whilst the other’s aim is to reduce logistics costs and achieve efficient delivery. Clearly, this could be cause for difficulties in the relationship, and hence, there is another reason for adopting a holistic approach to the analysis of both operational and relational factors in the logistics partnership from both perspectives. With a richer understanding of the associated phenomena, the theory of the logistics relationship can be enhanced, and bring also, the potential for a new model of successful logistics partnership to be developed.

It is known that TPLPs usually want a long-term relationship with their partners, and in order to achieve this, these providers try to deliver good logistics performance, which is measured by various benchmarks to assess whether or not customer expectations have been met. McMullan (1996) has indicated some performance indicators for logistics providers namely inventory accuracy, on-time shipments, customer complaints, backorders, warehouse cycle time, number of kilos/unit shipped and numbers of dollars shipped. It has been identified that five stages are involved in partnership formation, these being known as the preliminary phase, identification of the potential partner, the selection process, the establishment of the relationship, and the evaluation of how that relationship develops (Ellram, 1995). Subsequently, Baghci and Virum (1996) presented a framework for logistics alliance formation, management and control, based upon eleven case studies in Europe. One of the important findings from this study was that communication is the main factor for the success of logistics relationships, and that with the correct application of IT, it can be significantly improved for the benefit of the partnership. Apart from operational factors, certain relational features must also be present for a successful logistics partnership. In this respect, Chen *et al.* (2010) have recently provided deeper insights by analysing the performance of collaborative links in the Chinese context. Specifically, they investigate how the factor of TPLP customer service expertise and also Guanxi (commitment to the partner) influence the buyer-TPLP collaboration.

Woo and Ennew (2004) argue that co-operation is one of the important relational factors in partnership since only through co-operation can the relationship be developed and maintained. Undoubtedly, two firms in a partnership can only remain in that relationship to each other if they have a genuine wish to work together. Sinkovics and Roath (2004) studied the manufacturer-TPLP relationship in terms of strategic orientation, capabilities, and performance, producing some interesting key findings from their investigation in England, Scotland, Wales and Northern Island. Firstly, the results show that operational flexibility impacts upon logistics and market performance. Secondly, they indicate that the relationship between customer-oriented strategy and logistics performance is direct which means that in the logistics partnership, the TPLP must work according to the wishes of the partner. Thirdly, the study reveals that manufacturers who engage in a logistics partnership with a TPLP can improve their internal efficiencies, meaning that contracting with the TPLP will lead to immediate

improvements for customers without the manufacturer having to change to internal processes or invest in expensive resources such as trucks or carriers for delivery purposes. Hence, one can conclude that through a logistics partnership with a TPLP, a manufacturer can increase efficiency in delivery service.

It is believed that other relational factors such as conflict and power also influence the logistics partnership, as argued in channel relationship studies published in most of the marketing journals. However, it could be noted that as far as the research into logistics relationships is concerned, there has been an absence of attention given to these factors. And at the same time, the logistics and supply chain management literature has made references to conflict in supply chains without examining its detailed effects on relationship stability and customer loyalty (Bowersox *et al.*, 2000; Lambert and Pohlen, 2001; Lee, 2004; Maloni and Benton, 2000 and Mentzer *et al.*, 2001). Hakanson and Snehota (1995) state that behavioural attributes such as dependence, trust, equity, commitment, and conflict, all contribute to shaping the working atmosphere of the TPLP relationship. Moore and Cunningham (1999) focus on five attributes, namely trust, equity, commitment, conflict, and opportunism in order to explore differences between the behavioural components that exist between logistics alliances and transactional (non-alliance) relationships.

Most recently, Cahil *et al.* (2010) and Chen *et al.* (2010) have studied the logistics relationship from different aspects, considering customer loyalty and the desire to collaborate with the TPLP in China. And a study by Selviaridis and Spring (2007) explored the third party logistics relationship, providing a review of literature and a research agenda for the future. After reviewing a total of 114 academic sources, and analysing them in terms of research purpose and nature, method employed, theoretical approach, and level of analysis (covering the period 1990-2005), they developed a taxonomy of TPLP research, on the basis of which they suggest a research agenda for the future. However, the outcomes of the analysis are produced in descriptive form without any theoretical foundation. Moreover, they identified that survey research is the major method adopted, reflecting the positivist research tradition within logistics. This confirms the importance of studying TPLPs from an in-depth perspective in order to ensure a greater understanding. From what has been said so far, it is clear that previous research has omitted to consider conflict and other challenges as relational factors that



have a bearing on the TPLP-buyer partnership (manufacturer/retailer) (Roslin and Melewar, 2001).

Sandberg (2007) offers three major ideas about logistics collaboration. Firstly, there is a strong connection between the intensity of the collaboration and the positive effects experienced by it. Secondly, top management involvement is a significant factor in encouraging higher intensity collaboration. Thirdly, there are serious differences between supply chain management (SCM) theory and practice, due to the absence of strategic elements in the collaboration and the different ways in which supplier and customer collaboration are managed. As suggested by the authors, top management participation is likely to be important to achieve strategic collaboration and more research on the topic of logistics collaboration is recommended. Therefore, the current research topic that considers the logistics partnership is considered as making a contribution to the theory associated with the supply chain. Knemeyer *et al.* (2003) discuss the logistics partnership from the customer perspective in the USA, using a dyad partnership as the unit of analysis, and performing multi-step cluster analyses. The findings from this study support a linkage between the level of the partnership development and important relationship marketing elements and outcomes. As this study only focuses on the US, however, there is a strong motivation to extend it into the non-Western context. Thus, the combination of operational and relational factors provides a useful analytical unit in the investigation of logistics partnerships.

Another study analyses the logistics partnership through a relationship marketing perspective. This study by Knemeyer and Murphy (2004) examines the influence of relationship marketing dimensions on a customer's perception of his/her TPLP's performance. It was conducted in the USA using survey methodology, and found that the level of trust and communication directly impact upon the buyer's perception of various TPLP performance factors, thereby confirming the importance of such relational factors for the success of the logistics relationship. However, the study also found that whilst communication was not significant for developing trust, it was important in influencing both operations and channel performance. Thus, further exploration on the issue of communication and relational factors is required to advance the existing understanding of how communication influences the success of each partnership. Moreover, the study only considered one side of the partnership, the buyer, so attention

to both sides will improve the picture and provide more accuracy in interpreting the impact of the variables on the relationship.

It can be concluded that logistics partnerships are vital because their long-term orientation boosts co-operation between both parties, and as a result, improvements in operations follow (Deepen *et al.*, 2008). In a study by Wallenburg *et al.* (2010) concentrating on the improvements gained by users of logistics service providers in Germany and the USA, a scale was established for the measurement of improvements, such as the contribution to cost-cutting, and overall performance improvement. As suggested by Langley (2008) and Wallenburg *et al.* (2010), proactive improvements effected by the logistics service provider are low, to the dismay of their customers, and this might be one reason why logistics partnerships fail. However, there is insufficient evidence in this regard, and hence, more research on this subject is necessary. From the buyer-TPLP relationship perspective, Ferrer *et al.* (2010) comment about the need for TPLPs to realise the importance of relational factors such as power, information sharing, trust, and interdependency, since these all influence the establishment of the inter-firm relationships that enable them to leverage the complementary strengths of other firms within their supply chain, and function efficiently. The buyer-TPLP relationship exists for example when company A uses a TPLP's services such as transportation, to perform its logistics activity. Deepen *et al.* (2008) highlight that the key driver of logistics outsourcing performance is the relationship with the TPLPs, and hence, it is again confirmed by scholars that operational and relational factors are important and influential in the success of the logistics partnership.

Another recent study, this time from Lages *et al.* (2008) has brought relationship marketing theory into business-to-business practice by developing a new measure of relationship performance between two firms, the inter-firm relationship performance scale, through an online questionnaire. These researchers proposed that relationship performance consists of five elements namely, relationship orientation, relationship commitment, trust, mutual co-operation, and relationship satisfaction. It is accepted that satisfaction in the logistics relationship is achieved by the effective logistics service performance on the part of the TPLP. At the same time, it is not sufficient just to consider all the factors mentioned, when analysing the logistics partnership as the negative factors in the relationship, such as conflict and power must also be considered,

given their potential to influence the success of the partnership. On the basis of the above discussion of previous research on the logistics partnership, the researcher has formulated a taxonomy which presents a summary of the key research efforts so far. Table 2.6 explains the issues that have been studied in research so far with regard to the logistics partnership. It can be seen that the issue discussed earlier is concentrated on operational issues such as the importance of logistics service performance by the TPLP. It is also clear from the table that there are few studies attending to relational (soft) factors such as trust and commitment in the relationship. Moreover, the studies to date consider one side only, the buyer's perspective, and they have all been conducted using a survey methodology. This taxonomy is actually used by the researcher to further develop her understanding of logistics partnership success, and when combined with key issues that have not been explored before, but which are considered in this study, the taxonomy will be further empirically validated and improved in this study, with the result that it will contribute to a better understanding of issues concerning the logistics partnership in the supply chain relationship and TPLP area.

As suggested in recent studies by Daugherty (2011) and Marasco (2008), there is a need for more research that focuses on those factors that support and strengthen the relationship, as studies conducted to date lack a clear explanation of how the relationship is sustained, and do not offer an understanding on the factors that could influence the success of the logistics partnership. It is the researcher's belief that in order for a successful logistics relationship to develop and be sustained, a combination of the operational and relational factors which have been discussed in the other two taxonomies is vital. Together, the three taxonomies developed so far help the researcher to identify the key important factors that are explored in more depth in this study, and which are discussed further in the next section 2.4.3.

**Table 2.6:** Key Previous Studies on the Logistics Partnership

<b>Author (Year)</b>	<b>Type of Research</b>	<b>Area of Investigation / Key factor or dimension</b>	<b>Method and Research Setting</b>	<b>Key Findings / Recommendations</b>
Boyson <i>et al.</i> (1999)	Empirical (positivist)	Managing third party logistics relationship. Logistics activities outsourced, planning process for logistics outsourcing, contract and benefit gain (operational).	Survey in multi industry	Firms prefer to choose TPLP with high level customer services, low prices and have financial stability.
Chen <i>et al.</i> (2010)	Empirical (positivist)	Logistics relationship in China Buying firm logistics performance, loyalty, trust and TPL customer service (operational firm and outcome).	Survey in China	Top management involvement is needed to establish the relationship with TPLP. Logistics relationship with TPLP increase customer's firm performance.
Daugherty <i>et al.</i> (2009)	Empirical (positivist)	Logistics relationship and its influence on capabilities and performance (operational).	Survey	Marketing and logistics relationship effectiveness will impact firm-wide integration and impact IT capability, which will in turn positively improved logistics performance.
Ellram and Cooper (1990)	Conceptual	SCM and shipper-TPLP relationship.	NIL	Proposing to better understanding the logistics relationship in supply chain management.
Grant (2005)	Conceptual	Transaction relationship in logistics (operational).	NIL	Transaction-oriented dimension such as availability; timeliness and price appear to be more important to customers than relationship dimensions that include trust, integrity and commitment. Price, service quality, relationship service, and relationship quality has been proposed in the model of global satisfaction in logistics and supply chain management.
House and Stank (2001)	Empirical	Relationship between retailer and TPLP (Melville Corporation and Mercantile Logistics).	Case study in United States	Different organisational culture affects the relationship. This partnership shows that if the rewards for both partners are real, tangible and substantial the partnership can endure.
Knemeyer and Murphy (2004)	Empirical (positivist)	Performance of third-party logistics arrangement (operational).	Survey in United States, buyer's perspectives	The level of the relationship dimensions of trust and communication were shown to directly influence the buyer's perception of various TPLP performance factors. Communication significantly influence to both operations and channel performance.
Knemeyer <i>et al.</i> (2003)	Empirical (positivist)	Logistics outsourcing relationship (relational and outcome).	Survey, buyer's perspective	There is a relationship between level of partnership development and the relationship marketing elements and the relationship outcomes.

<b>Author (Year)</b>	<b>Type of Research</b>	<b>Area of Investigation / Key factor or dimension</b>	<b>Method and Research Setting</b>	<b>Key Findings / Recommendations</b>
Lambert <i>et al.</i> (1999)	Empirical	Reasons that lead to the failure in logistics relationship.	Case study	Poor communication, lack of top management involvement, trust lacking, weak planning and different goal among each party in the partnership are the factors that make the relationship failed.
Leahy <i>et al.</i> (1995)	Empirical (positivist)	Determinants of successful logistics relationship (operational).	Survey	The factors are timeliness, provider's knowledge, numbers of service offered, channel perspective, control and performance appraisal, mutual trust and consideration, sharing of common goals and facilities are the determinant factors that influence logistics relationship success.
Panayides and So (2005)	Empirical (positivist)	TPLP-client relationship (operational).	Survey in Hong Kong	Relationship orientation in TPLP-client relationships may influence performance directly as well as indirectly through the development of key organisational competencies that give rise to sustainable competitive advantage.
Qureshi <i>et al.</i> (2007)	Empirical	Logistics partnership enhancing shipper's productivity (operational and outcome).	Modelling	Logistics outsourcing reduce customer's cost. Strong driving power enablers should be dealt with strategic move as they influence productivity and competitiveness. Eight (enablers) and seven outcomes variables are identified.
Rinehart (1992)	Conceptual	Guiding global logistics partnership negotiation (operational).	NIL	Global logistics partnerships allow firms to move up the logistics expertise learning curve more quickly than they would if the products or services were internally generated.
Sandberg (2007)	Empirical (positivist)	Triadic logistics collaboration between supplier-manufacturer and customer.	Survey in Sweden	Proposed three conclusions from study. Firstly, there is a clear relationship between the intensity of the collaboration and the positive effects experienced from the collaboration. Second, that top management is an important driver for higher intensity collaboration. Third, serious dissimilarity between SCM theory and practice. This happen because there is a lack of strategic fundamentals in the collaboration and the different ways in managing collaboration between supplier and customer.

<b>Author (Year)</b>	<b>Type of Research</b>	<b>Area of Investigation / Key factor or dimension</b>	<b>Method and Research Setting</b>	<b>Key Findings / Recommendations</b>
Sinkovics and Roath (2004)	Empirical (positivist)	Manufacturer- TPLP relationship (operational).	Survey	Manufacturer seeks to improve their internal efficiencies by working with TPLP. Contracting with TPLP can lead to immediate improvements for customers without the manufacturer having to change to internal processes or invest in expensive resources. By relying on a TPLP to deliver particular logistics and distribution service, the manufacturer can increase delivery service efficiency. Therefore, the manufacturer does not necessarily have to develop these efficiencies which may be a time consuming and expensively project.
Tate (1996)	Conceptual	Element of the successful logistics partnership (relational).	NIL	Proposed a deep understanding of a partner's business needs, open communications, commitment, fairness, flexibility and trust are needed as it is important to establish logistics partnership.
Tian <i>et al.</i> (2008)	Empirical (positivist)	Trust in logistics relationship in China (relational).	Survey, China	To develop trust of logistics users towards TPLP, the TPLP must establish their reputation in the industry. Secondly, TPLP should have an appropriate amount of relationship-specific investment to signal logistics users of their long-term commitment. Thirdly, TPLP ought to share suitable information (in quantity, quality and timeliness) with their customer. The result also shows that relationship length does not significantly influence trust.
Wallenburg (2009)	Empirical (positivist)	Innovation in logistics relationship.	Survey, customer's perspective	Positive relationship between proactive improvement by the TPLP and loyalty.

Source: Developed by researcher for this research

After producing the three taxonomies, which offer a comprehensive insight into the issue of the SCR, TPLP and LP, the researcher has decided to explore three factors in investigating the CM-TPLP relationship. These are operational and relational factors, and outcome. Whilst the researcher is aware that cultural factors might well affect this particular channel relationship as has been proposed by House and Stank (2001), the issue of culture is not a focus of this research, and consequently, the inattention to that variable will be a limitation of the study. However, the decision is made not to concentrate on cultural factors since, according to Mudambi *et al.* (1997), with industrial products such as those purchased from a TPLP, performance is a top priority and hence, the researcher believes the key success factor is more likely to be a standardised business relationship, as will be discussed further in the next sub-section. The next sub-section will discuss and justify the three key factors in the logistics partnership between the CM and TPLP, namely operational, relational and outcome, chosen for this study on the basis of what previous research has brought to light (Tables 2.3, 2.5 and 2.6).

#### **2.4.3 The Relevant Reference for the Key Factors Investigated in the Study for the Development of the LPS Conceptual Model**

It has been observed already that no theoretical model currently exists that focuses on the dyads in a logistics partnership. Furthermore, it has been noted that there is no theoretical model that examines the critical success factors (operational and relational) in respect of an effective logistics relationship in the specific context of the automotive industry in an Eastern country. At the same time, it is noted that in other work to date, there is overlap and inconsistency in the factors that have been investigated and that are believed to influence the success of this relationship from both inbound and outbound perspectives. Therefore, this study concentrates on exploring the key factors from both operational and relational dimensions, and on investigating the outcome from the logistics partnership. Table 2.7 provides a comprehensive review of the literature underpinning the development of the conceptual model, together with justifications and references. It also justifies the choice of the three main factors selected, namely the operational and relational factors, and the outcome of the relationship. This is an important justification as these factors are used as the basis of the development of the conceptual model presented in Chapter Three (see section 3.2, 3.3 and 3.4).

**Table 2.7:** Key Factors from the Literature for the Operational, Relational and Outcome Dimensions

Key Factor	Dimension			Reference	Justifications
	Operational	Relational	Outcome		
LSP-Logistics Service Performance (on time shipment, inventory accuracy, shipping errors, stock availability, cycle time, customer responsiveness, order quality, order condition, timeliness, order discrepancy handling, days order late, error pick up, order cycle time, time delivery)	√			Bhatnagar <i>et al.</i> (1999; 2005); Daugherty <i>et al.</i> (2009); Grant (2005); Griffis <i>et al.</i> (2007); Mentzer <i>et al.</i> (2001); Rafiq and Jaafar (2007); Sohail and Sohal (2003); Stank <i>et al.</i> (2001); Stank <i>et al.</i> (2003); Wang <i>et al.</i> (2006).	LSP is recognised as a significant factor that impact logistics relationship success. Therefore, in analysing the logistics partnership in outbound industry in a developing country, Malaysia (non-western context), from the outbound perspective, it is believed that the focus in one industry could provide deep insight and could contribute to the new findings in terms of factors under this operational dimension. There is limited view on the automotive industry perspectives, from a non-western context and from both dyadic perspectives. Therefore, it is significant to identify the parameters under LSP in the outbound context for a successful relationship between the CM and TPLP.
Investment			√	Humpreys <i>et al.</i> (2001); Lambert <i>et al.</i> (2004).	Investment is significant in any relationship as it shows the partner's willingness to develop the relationship with partners to achieve mutual benefit. It should be highlighted that investment is a significant issue but very limited application of research on logistics partnership success. There is lack of evidence on how the elements of investment could affect the logistics relationship success. Therefore, the researcher is keen to see what kind of investment from partners is important for the success of the logistics relationship between the CM and TPLP.



Key Factor	Dimension			Reference	Justifications
	Operational	Relational	Outcome		
Information Technology	√			Daugherty <i>et al.</i> (2009); Evangelista and Sweeney (2006); Jeffers (2010); Kahn <i>et al.</i> (2006), Kampstra <i>et al.</i> (2006); Lai <i>et al.</i> (2008); Lewis and Talalayevsky (2000); Power <i>et al.</i> (2007); Sanders (2005); Sanders and Premus (2005).	It is recognised that IT plays a significant role in the success of the supply chain relationship providing better communication among parties. As noted, the IT role facilitates a successful relationship; however, it is not clearly stated how this IT can affect the logistics partnership and how this factor is affecting the relationship from both perspectives. Limited empirical evidence shows how these factors affect the logistics partnership success.
Information Sharing	√			Cao and Zhang (2011); Kaipia and Hartiala (2006); Kwon and Suh (2005); Premus and Sanders (2008).	Information sharing is vital in any partnership in order to ease the working environment between two companies. However, it is not clear from prior research how this information sharing affects the success of any partnership and what kind of information is vital for a successful logistics partnership especially in terms of the automotive industry. Therefore, the researcher is strongly motivated to explore how this information sharing affects the logistics relationship through investigating what kind of information sharing is needed for the success of the relationship between the CM and TPLP.
Trust		√		Barrat (2004); Cambra-Fierro and Polo Redondo (2008); Golicic and Mentzer (2006); Lambert <i>et al.</i> (2004); Knemeyer and Murphy (2004); Kwon and Suh (2005); Thomas and Skinner (2010)	Trust is the heart of any relationship; however understanding is needed about the issue of trust in the logistics partnership between the CM and TPLP, how it is developed and how it actually affects the success of the relationship from both perspectives of CM and TPLP. Limited understanding on the issue of trust in logistics partnership in non-Western context especially in heavy industry like automotive industry

Key Factor	Dimension			Reference	Justifications
	Operational	Relational	Outcome		
Commitment		√		Davis and Mentzer (2006); Gentry (1996); Golicic and Mentzer (2006); Lambert <i>et al.</i> (2004); Lemke <i>et al.</i> (2003)	Commitment is vital for any relationship. The researcher believes it also plays a significant role in the success of logistics partnerships. It could be noted that there is limited understanding on this issue especially in the logistics relationship particular to one industry.
Power		√		Carter <i>et al.</i> (2007); Cox (1999); Davis and Mentzer (2006); El Ansary and Stern (1972); Ennew <i>et al.</i> (1993) Hingley (2001); Zhuang and Zhou (2004).	It is recognised that in any dyadic relationship, one party has more power than another. It is recognised it might have an impact on the success of the relationship. However, there is limited application of this factor in analysing supply chain relationships especially in a logistics relationship compared to other buyer-seller studies. Therefore, investigating power in the logistics relationship might offer new findings and witness whether it has an impact on the logistics partnership success between the CM and TPLP.
Dependency		√		Aastrup <i>et al.</i> (2007); Carter <i>et al.</i> (2007); De Toni <i>et al.</i> (1994); Golicic and Mentzer (2006); Hingley (2001); Johnson (1999); Lemke <i>et al.</i> (2003) Zhuang and Zhou (2004).	It is recognised that channel relationships exist when one party cannot work or perform alone, that is why they depend on the other party to perform. It is a subject of investigation in channel relationships from marketing scholars but very limited study from supply chain scholars. Therefore, the researcher is keen to explore how this factor affects the success of the relationship between the CM and TPLP.
Conflict		√		Brown <i>et al.</i> (1991); Mohd Roslin and Melewar (2001); Stern and El Ansary (1992); Wilkinson (1981).	In relationship, conflict could always happen. However, there is limited understanding on this issue in logistics relationships as it has always been a focus in other channel relationships. As a conclusion, from the relational elements discussed above, the researcher aims to identify how these relational factors affect the success of the logistics partnership between the CM and TPLP?

Key Factor	Dimension		Outcome	Reference	Justifications
	Operational	Relational			
Renew Contract			√	Davis and Mentzer (2006); Lieb and Bentz (2005a).	Limited understanding on the outcomes for both CM and TPLP when their logistics relationship is a success.
Company Profitability			√	Bhatnagar and Viswanathan (2000); Brown <i>et al.</i> (1991); Jaafar and Rafiq (2005); Jeffers (2010); Lai <i>et al.</i> (2008); Qureshi <i>et al.</i> (2007); Zacharia <i>et al.</i> (2009).	Limited understanding on this issue especially from the provider side. Always being investigated from a customer or buyer perspective. It is recognised that through logistics partnership, the buyer or customer would achieve company profitability from the cost reductions as a result of a logistics partnership success, however, understanding of the provider side is also needed.

Source: Developed by researcher for this research

It is important to highlight that that some researchers also relate the theory concerning logistics partnerships with other theories, such as agency theory, transaction cost theory, and relationship marketing theory. For example, earlier work from Logan (2000) discusses the potential of agency theory to design a successful logistics relationship, after addressing the failure of such a partnership because of the transportation. Logan (2000) suggests two potential solutions to the problem, the first being to diagnose the relationship from both sides of the contract, and the second being to engage agency theory to help design the types of contracts and relationship necessary to provide and support an environment of trust. Some researchers also relate the logistics partnership or logistics relationship with transaction cost theory (TCT) which can be used to understand the TPLP relationship (Maloni and Carter, 2006). At the same time, previous research also relates the buyer-seller relationship with relationship marketing theory, highlighting several dimensions for a successful relationship. In this study, the researcher adopts two main theories, namely transaction cost theory and relationship marketing theory as underpinnings, since they both appear to have meaning for what has been investigated in the study. Consequently, the following two sub-sections (2.4.4 and 2.4.5) will discuss the applicability of certain elements in transaction cost theory and relationship marketing theory to the logistics partnership.

#### **2.4.4 Elements of Transaction Cost Theory (TCT) in the Logistics Partnerships**

Transaction cost theory (TCT) is known as a principal in logistics relationship (Ghosh and John, 1999; Maloni and Carter, 2006). It has been characterised as a cost-minimisation theory and is very important in understanding logistics relationships. It is noted that TCT amounts to a cost-minimisation theory which in itself explains the basis of logistics outsourcing activity since it deals with the effect of customer-specific investment on the efficiency of business transactions and also the relationship between channel members is developed with the aim to reduce the cost of governing activity. For instance, the buyer contracts the TPLP in order to reduce costs and the TPLP offers his/her asset (lorry for example) to increase his/her profit. It explains how the relationship is beneficial and how transaction costs occur in the relationship (Williamson, 2008).

According to Williamson (2008), the logistics relationship involves transactions that involve certain actions such as investment and that are concerned with asset specificity, thereby helping to develop economies of scale. It can be said that a transaction is a basic unit of analysis in any relationship and asset specificity refers to the level of customisation associated with the transaction (Williamson, 1975). Transaction cost theory argues that organisations should consider the level of transaction-specific investment in the economic exchange as the principal determinant of whether an economic exchange should be managed internally within the organisation (Williamson, 1975). This research used the elements of TCT in analysing the logistics partnership, for example logistics service performance, investment and information sharing among partners as this theory is acknowledged as the theory that binds the issues regarding TPLP.

It should also be mentioned that the logistics partnership might be related to elements within the relationship marketing theory, as the focus in the partnership is on building and sustaining a long-term relationship. Elements in relationship marketing such as trust and commitment, are important ingredients of relationship quality, leading to enduring relationships and mutual benefit. Hence, it is appropriate to gain a better understanding of how relationship marketing theory can be applied to the logistics partnership and this will be considered in the next sub-section.

#### **2.4.5 Elements of Relationship Marketing Theory in Logistics Partnerships**

Generally, Relationship Marketing (RM) evolved during the 1980s and 1990s (Little and Marandi, 2003; Rao and Perry, 2002), bringing an explanation of the buyer-seller relationship and highlighting the need for several dimensions to be considered when aiming to build a successful relationship. The theory is seen to be applicable to the long-term relational aspect as it is concerned with retaining customer activity and is extremely important for both the business-to-consumer (B2C) context and the business-to-business (B2B) context. Within this theory, three critical elements are seen, these being satisfaction, trust, and commitment (Harker and Egan, 2006; Knemeyer and Murphy, 2004; Sheth and Parvatiyar, 1995).

Relationship marketing is actually an alternative strategy to the traditional marketing mix approach, a means of obtaining sustainable competitive advantage and the best way to retain customers in the long run. According to Gronroos (1997, p.407), marketing in relational terms is a “*process of identifying, establishing, maintaining, enhancing and when necessary terminating relationships with customers and other stakeholders, at a profit so that the objectives of all parties involved are met*”. This could be accomplished by mutual exchange and the promise fulfilment. In other words, relationship marketing focuses on long-term associations between buyers and sellers (Bowersox *et al.*, 2010; Christopher, 1992; Hunt *et al.*, 2006; Evans and Laskin, 1994; Gronroos, 1997; Gronroos, 1999; Knemeyer and Murphy, 2004; Little and Marandi, 2003). This long-term association between buyers and sellers matches the concepts included in the definition of a TPLP as provided in the previous section, that is, a relationship between a CM (buyer) and a TPLP (provider), which is characterised by a longer-term and win-win relationship. It should be emphasised that relationship quality is a main construct in relationship marketing.

Knemeyer and Murphy (2004) studied the TPLP relationship in the USA context, utilising the relationship marketing perspectives as the basis for evaluating the perceived performance of that relationship. In their study, they examined the influence of relationship marketing dimensions on a customer’s perception of his/her TPLP’s performance. A survey method was used, yielding findings to the effect that trust and communication positively influence the buyer’s perception of the TPLP. Relationship marketing focuses on the development of long-term relations with key supply chain participants such as consumers, intermediate customers, and suppliers, in an effort to develop and retain long-term preference and loyalty (Bowersox *et al.*, 2010). It also aims for a win-win situation in the relationship (Gummerson, 1996).

Additionally, relationship marketing has been discussed as “*a customer-centered approach whereby a firm seeks a long-term business relationship with prospective and existing customers*” (Evans and Laskin, 1994, p.440). Ballantyne (1994) and Gronroos (2004) stress that relationship marketing is about the need to develop long-term relationships with customers and sometimes with other stakeholders. This is a reasonable justification for adopting this perspective in this particular study since it concentrates on the logistics relationship between the CM and TPLP. Morgan and Hunt

(1994) also classify relationship marketing as all marketing efforts to develop, establish and maintain a successful relationship. In another study, Sheth and Parvatiyar (1995) argue that relationship marketing leads to stimulus and repeat purchase behaviour. Cosby *et al.* (1990) found that relationship marketing is crucial when the service is complex, customised, extends over a continuous stream of transactions, and involves many buyers. Thus, it can be seen as being applicable to any relationship among channel members in the supply chain. As stressed by the researcher earlier in the definition of relationship marketing, Christopher (1992) also relates relationship marketing to the interaction between buyers and sellers which is concerned with winning and keeping customers, and maintaining three links which are: marketing, quality, and customer service. These three links are very important in relationship marketing since the relationship itself depends upon them. Figure 2.9 shows the combination of the three aspects that represent relationship marketing as suggested by Christopher (1992).

**Figure 2.9:** A Combination of Marketing, Quality and Customer Service in the Relationship

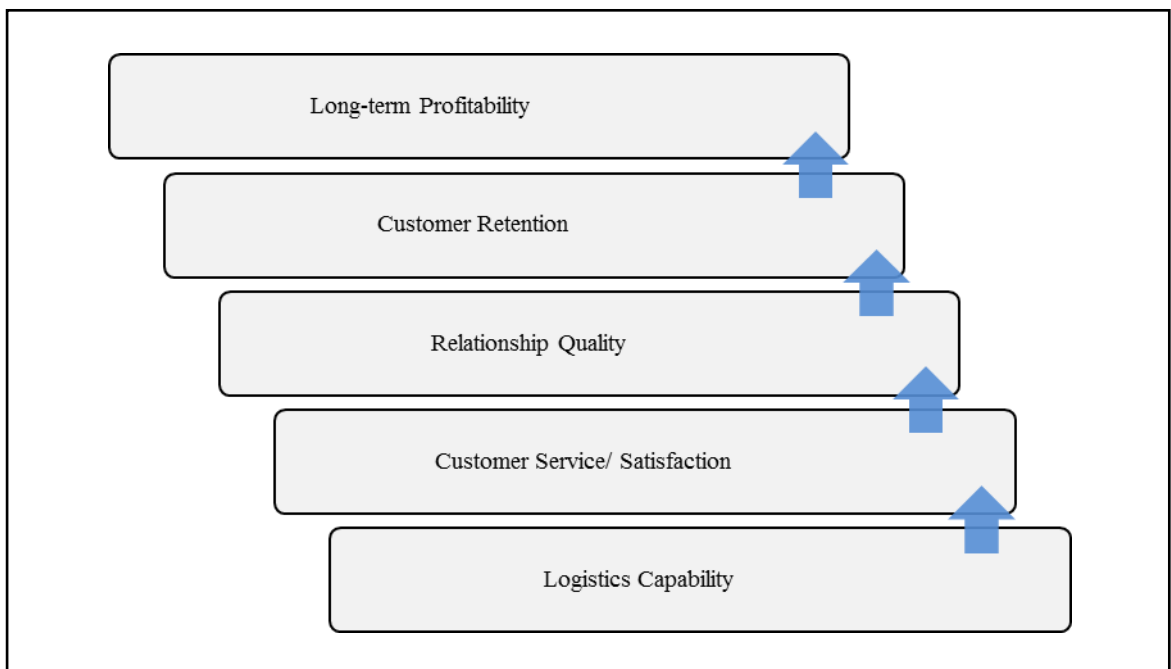


Source: Christopher (1992)

Christopher and Peck (2003) also propose that the effectiveness of the customer service (logistics service quality provided by the TPLP) in the logistics context will create satisfaction on the buyer's side (customer). Such satisfaction will lead to relationship

quality comprised of the elements of trust, commitment, investment, dependence, communication, and shared benefits (Knemeyer *et al.*, 2003). In turn, the relationship quality will lead to loyalty and finally long-term profitability for both parties in the logistics relationship, as depicted in Figure 2.10. Hence, it can be concluded that the researcher’s decision to adopt relationship marketing theory as a vehicle for explaining the logistics relationship is well-founded. To conclude, Figure 2.10 illustrates that there is a linkage between the service provided by the TPLP and the relationship retention. It could be said that a logistics relationship will be successful when the provider ensures that the customer is satisfied with the logistics service performance provided (Knemeyer *et al.*, 2003).

**Figure 2.10:** Logistics Service Performance and Relationship Retention



Source: Christopher and Peck (2003)

In order to reach a better understanding of the logistics partnership between the CM and the TPLP in the automotive industry in Malaysia, the next section provides a brief introduction to Malaysia, and the logistics and automotive industry issue there.

## 2.5 Introduction to Malaysia, and its Automotive and Logistics Industry

Malaysia is considered to be a growing industrialised market economy. In 2009, Malaysia’s economy was recognised as the third largest in South East Asia and the 28<sup>th</sup> largest in the world by purchasing power parity, with a gross domestic product for 2008



of \$222 billion showing a growth rate of 5% to 7% since 2007. With regard to the logistics issue, as in many other countries, globalisation has led many Malaysian companies to use TPLPs so they can focus on their core competencies. Moreover, the trend for third party logistics provision to be featured in all types of industry is also apparent in Malaysia. Indeed, about 99% of the use of TPLPs is largely for domestic operations (Sohail and Sohal, 2003). That said, the Malaysian automotive industry does make heavy use of TPLPs when compared to other industrial sectors, and one reason for this is the fact that automotive manufacturing companies need to concentrate on their core activities which involve producing and assembling cars. The automotive industry is acknowledged as the ‘industry of industries’ in the twentieth century and is considered one of the most globalised industries today in each region (Dicken, 2007; Laosirihongthong *et al.*, 2011). In fact, it is the key contributor to Malaysian economic growth since there is a national car manufacturer with great potential in this respect. For more details about Malaysia, see Appendix A. The next sub-section will discuss the automotive and logistics industry in Malaysia in more detail.

### **2.5.1 Automotive Industry in Malaysia**

According to the Deputy Prime Minister of Malaysia, Yassin (2009), “*the car industry in Malaysia needs to be energised and revitalised*”. He added that the industry must focus on operations and cost efficiency to reduce cost, increase productivity and sell more through innovative marketing strategies. Moreover, he announced Malaysia’s position as one of Southeast Asia’s largest passenger vehicle markets accounting for about half a million vehicles sold annually. Malaysia’s domestic market is dominated by the national carmaker Proton and a second national company Perodua. Perodua was reported (in Business Times, 2007) as having been the top selling car brand in Malaysia for the previous three years, since which time it has retained that position, according to the Malaysian Automotive Association (MAA) press conference in 2010. With the rising automotive sales and the evincing interest of car manufacturers in lowering their production costs, TPLP usage in the Malaysian car industry is expected to increase significantly.

As already mentioned, the automotive industry is a leading sector in the Malaysian economy, having started with the importation of vehicles and then progressing to

assembly operations and the establishment of a wide network. The automotive industry is recognised as one of the significant and strategic industries in the manufacturing sector, since when compared with the other industries in that sector, it can be seen that it has significantly boosted the industrialisation process, thereby making a very positive contribution towards achieving Malaysia's aim of developed status by 2020. The automotive industry has been selected as the focus in this study because of this acknowledged significance for Malaysian economic development (MITI, 2008). It was in the 1960s when Malaysia's automotive industry began.

At present, there are a total of twelve car manufacturers and assemblers (both domestic and foreign) operating in Malaysia. Table 2.8 indicates these operations, and is indeed used as the basis for selecting the sample for the study. Both car manufacturers and car assemblers are considered for the purposes of this study as car manufacturers, since they do both produce cars. It should be noted that the basis of the selection of these companies is their market share within the industry. And the TPLPs involved in this research are their key TPLPs, that is to say, the providers they use the most, since some contract with several providers at the same time. Seven CMs and seven TPLPs are involved in the research, giving a total of fourteen different organisations, and representing seven dyadic relationships, to be interpreted as seven case studies. The reason for exploring seven case studies is to ensure a deep understanding of the phenomena to be investigated is achieved, and to maximise the chances of reaching theoretical saturation concerning the CM-TPLP relationship, as well as to improve the opportunity for generalisation to a wider context. This is discussed further in Chapter Four. It is important to highlight here that the data gathered from the dyads are reported anonymously, thereby protecting the confidentiality of the companies involved in this research will not be revealed for reasons of confidentiality.

**Table 2.8:** Car Manufacturers and Assemblers in Malaysia

Car Manufacturer			Car Assembler		
✓	Perusahaan Otomobil Nasional (Bhd) – PROTON		✓	Automotive Manufacturers Malaysia (AMM)	
✓	Perusahaan Otomobil Kedua Nasional (PERODUA)		✓	Associated Motor Industries (AMI) – closed operations	
✓	Industri Otomotif Komersial (INOKOM)		✓	Assembly Services Sdn Bhd (ASSB)	
✓	Isuzu HICOM Malaysia Sdn Bhd (ISUZU – formerly known as MTB)		✓	Oriental Assemblers Sdn Bhd (OC)	
			✓	Tan Chong Motor & Sons Sdn Bhd (TCMA)	
			✓	Sweedish Motor Assemblies Sdn Bhd (SMA)	
			✓	NAZA Automotive Manufacturing Sdn Bhd (NAZA)	
			✓	Honda (M) Sdn Bhd	

Source: MITI (2010)

Basically, the trend of sales and production of the cars is increasing from year to year (MAA, 2011; MAA, 2010), as can be demonstrated by reference to the total industry volume (TIV) figures obtained from the Malaysian Automotive Association (MAA) press conference report. These figures are presented in Table 2.9 which reports the total industry volume from 2009 until 2011, and provides a forecast of the TIV for the year 2012 until 2015.

**Table 2.9:** Total Industry Volume (TIV) From 2009-2015, Actual and Forecast

Market Segment	Year						
	Actual (A) and Forecast (F)						
	2009 (A)	2010 (A)	2011 (A)	2012 (F)	2013 (F)	2014 (F)	2015 (F)
Passenger Vehicles	486,342	543,594	555,000	560,000	566,500	574,000	581,000
Commercial Vehicles	50,563	61,562	63,000	64,000	64,500	65,000	66,000
Total Vehicles	536,905	605,156	618,000	624,000	631,000	639,000	647,000
Growth				1.0%	1.1%	1.2%	1.3%

Source: MAA (2011, 2010)

To summarise, the Malaysian automotive industry has increased from year to year, thereby indicating that it is becoming vital for car manufacturers and assemblers in Malaysia to forge successful relationships with TPLPs. However, it should be recognised that although the focus of this study is indeed on Malaysia, and there may well be cultural considerations to take into account in terms of the B2B relationship as

claimed by other researchers (House and Stank, 2001), the issue of culture is not of concern in this study, and will hence, represent one of its limitations. The decision was taken to exclude cultural factors on the grounds that the concept of culture is complex, and to include it within the framework of the current study would be a mistake, since a dedicated study is required to obtain a true appreciation of cultural issues. Moreover, the researcher believes that in the B2B context, the inter-organisational relationship is characterised with formal activity (Mudambi *et al.*, 1997), rather than informal behaviour which is driven more by culture. The next sub-section introduces the logistics industry in Malaysia.

### **2.5.2 The Logistics Industry in Malaysia**

As already mentioned, the Malaysian logistics industry is recognised as part of the service sector, and as announced by the Malaysian Minister of Trade and Industry, it should receive special attention in order for it to support other industries in the supply chain process, especially concerning warehousing and delivery (Mohamad, 2010). It should, however, be noted that the logistics industry in Malaysia is highly fragmented, with multiple players operating across nearly all market segments. Indeed, Mustafa and Potter (2009) observe that the trend in Malaysia is to concentrate on outsourcing logistics activities, so it is not surprising that almost all market segments are represented. This situation may well have occurred in response to the Malaysian government's acknowledgement of the importance of the logistics industry to the overall development of the country's economy, and to the subsequent attractive incentives it has offered to eligible companies undertaking integrated logistics services that cover the entire supply chain. Such integrated services include the procurement of software and hardware, warehousing, distribution (transportation and freight services), packaging activities and customs clearance (MIDA, 2007). However, despite the obvious importance placed upon the industry, it is notable that there is a lack of research and development within it when compared to other (and especially Western) countries. And whilst both practitioners and academics in Malaysia are aware of the crucial role played by logistics in the supply chain, the fact remains that research efforts are few (Md Ali *et al.*, 2008).

The current research is, therefore, not only significant for the development of the logistics and automotive industry in Malaysia, but also has the potential to enhance the understanding of Eastern countries that are rarely explored. Consequently, it is important to highlight that priority must be given to research and development in the Malaysian logistics and automotive industry in order to ensure that various weaknesses can be identified and improved for Malaysia's economy and academic growth.

Secondly, it should be also highlighted that there is no one-stop centre for logistics data in Malaysia, and not even a record of the history of the logistics industry. Indeed as noted by Md Ali *et al.* (2008), it was necessary in their study for them to ask personnel within the sector for information in order to broaden the picture. Such an absence of a complete, informative, and accurate data base is a serious omission in an industrial sector that is of such importance to the Malaysian economy, and hence, this study could function as a starting point in this respect, which would help to further develop the logistics industry in Malaysia, at the same time as enhancing the current theory concerning third party logistics provision. In fact, the MIMA (2008) claims that there is also a lack of information about the industry players, facilities, services and capabilities of the sector. A record of such useful information would enable the co-ordinating body to analyse the shortcomings of this sector and offer suggestions to rectify such weaknesses. Indeed, as noted by Thong (2007), industry players would benefit by being updated with the latest news of their industry so that they were aware of expansion plans, new IT enhancements, and the expansion of activities of logistics providers, both international and local. Furthermore, it is emphasised that an industry database is crucial for an accurate assessment of the industry, to enable better monitoring, assisting companies in investment decisions, and in improving decision-making generally (MIMA, 2004).

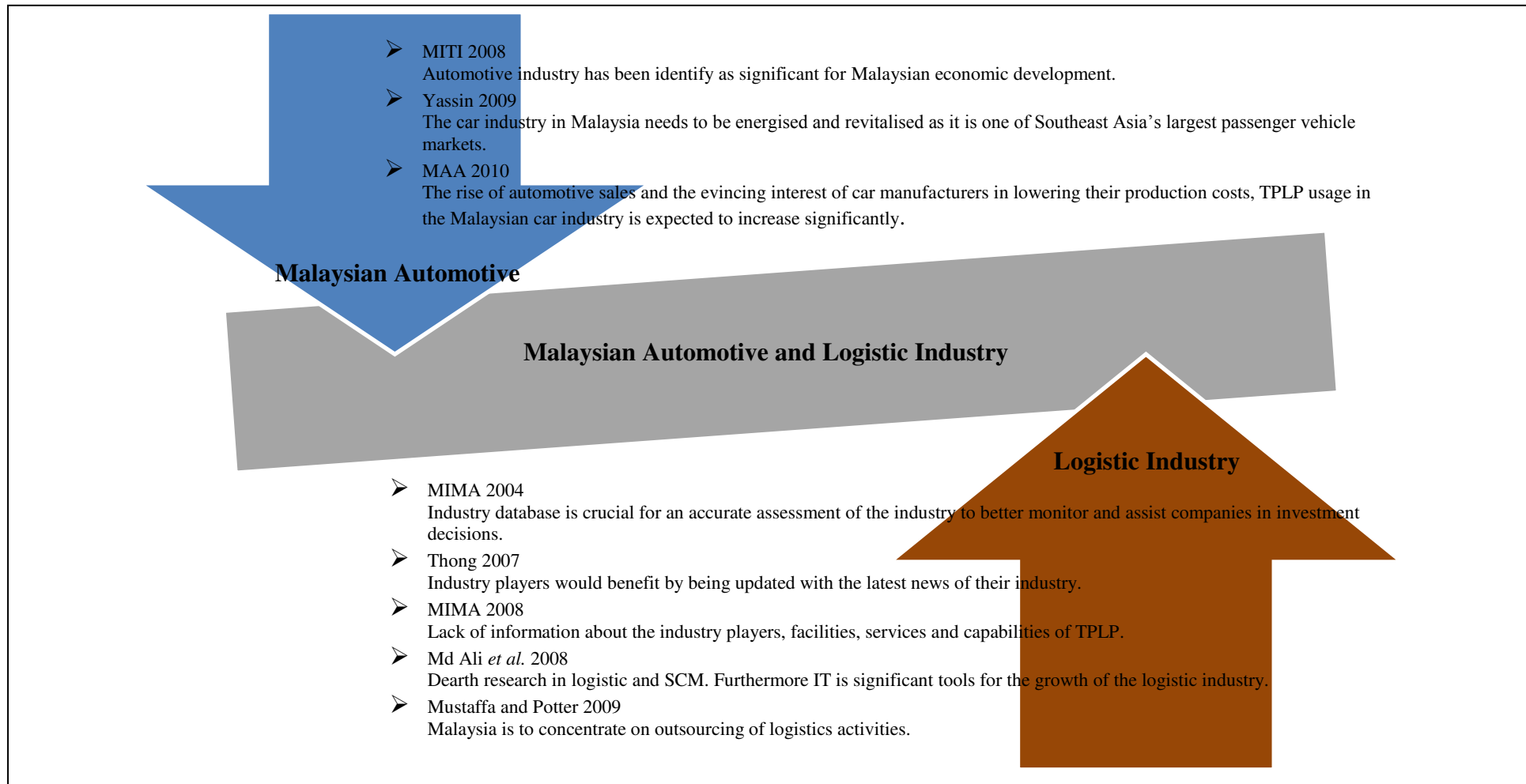
Yet another issue that needs to be highlighted in respect of the Malaysian logistics industry is related to the use of IT, which is known to be significant for the growth of the sector (Md Ali *et al.*, 2008). Hence, research in this area which is characterised by change due to technological development, is important. Likewise, it is also important to highlight the importance of partnership in respect of logistics, since company success is not only associated with the product(s) or services it provides, but also with the

relationships between the company and its logistics partner (and via the partner, with their customers) (Golicic and Mentzer, 2006).

To conclude, it can be appreciated that there is great importance in studying the chosen topic from the Eastern perspective. Apart from the gaps found in the literature (a dearth of studies that focus on one specific industry, automotive), and the importance of studies on the logistics partnership (as TPLPs play a crucial role in enabling manufacturers to deliver their products on time), the above discussion provides further justification for such a study, Malaysia. All the key issues concerning the Malaysian automotive and logistics industry are documented and illustrated in Figure 2.11, which provides a comprehensive diagrammatic representation of the detailed foregoing discussion, and in so doing, highlights the importance of looking at the logistics partnership between CM and TPLP in Malaysia.

As mentioned earlier, the researcher has chosen to focus on three factors, namely, operational and relational factors, and the outcome of the logistics partnership in the automotive industry.

**Figure 2.11:** A Key Issues in the Automotive and Logistics Industry in Malaysia



Source: Developed by the researcher

## **2.6 Conclusion**

As a conclusion, it can be said that the thorough review of the literature, and the development of the three taxonomies on SCR, TPLP and LP, identify for the researcher, the large gap in the research to date, and hence, a novel research area on the logistics partnership between the CM and TPLP. On the basis of this identified shortcoming, three main areas have been chosen for further exploration in order to learn more about what critical success factors are needed to achieve a successful logistics partnership between a CM and TPLP. These main areas are, the operational and relational factors, and the outcome factor, each of which will be discussed further in Chapter Three. The researcher has decided to combine operational and relational factors to form a framework for analysing and exploring the success of the logistics partnership between the CM and the TPLP in the Malaysian automotive context from outbound perspectives. At the same time, the outcome from the successful logistics partnership between these two parties (CM and TPLP) will also be identified. These three main issues will be further highlighted in Chapter Three and their respective dimensions further developed. The conceptual model subsequently formulated is then empirically validated. The next chapter explains how the background theory explored in this literature review, is used to underpin a new conceptual model.



## **CHAPTER THREE: THE DEVELOPMENT OF A CONCEPTUAL MODEL OF THE CM-TPLP RELATIONSHIP**

### **3.0 Introduction**

This focal theory chapter proceeds from the theoretical discussions contained in Chapter Two, to develop a conceptual model for a successful CM-TPLP relationship in the Malaysian automotive industry from the outbound perspective. In doing so, it captures a holistic view of the phenomenon, showing how the theory to date leads to the development of a new model in this research. In this respect it is important to acknowledge the contribution of all efforts so far as their outcomes have provided insight into what needs to be investigated in new empirical work aimed at characterising the antecedents of a successful CM-TPLP relationship, referred to in this study as Logistics Partnership Success (LPS). Clearly, then the conceptual model presented in this chapter is based on the unanswered questions remaining from previous studies, the inconsistencies in prior studies' outcomes, and the critical points raised in such studies. Tables 2.3, 2.5 and 2.6 in Chapter Two summarise the efforts to date, and in so doing illuminate the significant and unexplored factors. From this knowledge, two main contributing factors - operational and relational issues, and the relationship outcome, have been chosen as the focus for the new model as has been justified in Chapter Two in Table 2.7.

The discussion in this chapter starts with a review of how the background theory leads to the development of this research generally and the new theory specifically, which is illustrated in Figures 3.1 and 3.2. Subsequently, the proposed LPS model, underpinned by elements of transaction cost theory and relationship marketing theory as discussed in Chapter Two is presented. In order to ensure the data is collected beyond the research focus the propositions are also developed in this chapter to alert the researcher to the detail of each factor, despite this detail not being tested in the empirical work (Yin, 1994; 2009). Additionally, the propositions guide the researcher in collecting the data beyond her research area, and enable answers to the research questions posed in Chapter One (and the objectives associated with them), to be found. A list of propositions

together with the relevant references is presented. The chapter ends with a short summary.

### **3.1 Constructing the New Model: From Existing Knowledge to a New Concept**

From the thorough review of existing research into the logistics partnership, several important shortcomings have been identified by the researcher, including inattention to certain areas, inconsistent results, and overall inefficiency as described earlier in Chapter One, section 1.2. These shortcomings have formed the focus of the current study, the gaps in the literature as identified earlier in Chapter One, being identified in the three taxonomies, and summarised in Figure 3.1. Hence, it can be appreciated that the current understanding of the logistics partnership, and particularly how it can become successful in the particular case of Malaysian CMs and TPLPs, is very much under-developed (see Figure 3.1). In fact, the main point highlighted in Figure 3.1 represents the opportunity for this study to explore this issue in the context of the Malaysian automotive industry. As can be seen from Figure 3.1, most previous research has concentrated on one side of the relationship, either the buyer or the TPLP, consequently limiting the understanding of the phenomenon, and presenting a biased perspective given the absence of input from both sides (Daugherty, 2011). Additionally, the focus is on the main channel members in the supply chain such as supplier-manufacturer, manufacturer-wholesaler, retailer-customer, rather than on the party behind the chain (i.e. the TPLP).

The second issue observed in Figure 3.1 is the dearth of research into the two main factors believed to impinge upon logistics partnership, i.e. those at the operational and relational level (Daugherty, 2011; Davis and Mentzer, 2006; Mentzer *et al.*, 2001). The justification for selecting these two factors appears in Table 2.7, and is seen as the result of the thorough review conducted in Chapter Two (see Tables 2.3, 2.5 and 2.6). These results have become the foundation for the development of the conceptual model developed in this chapter. Clearly, this combination of factors is perceived to be significant for the success of any relationship in the supply chain and consequently this chapter pursues this issue, identifying, selecting, and developing a core set of sub-factors that are seen as antecedents to a successful partnership between CMs and TPLPs. This approach of consulting the literature prior to undertaking empirical work is

in line with the recommendation from Miles and Huberman (1994) that initial themes should be explored before conducting any fieldwork.

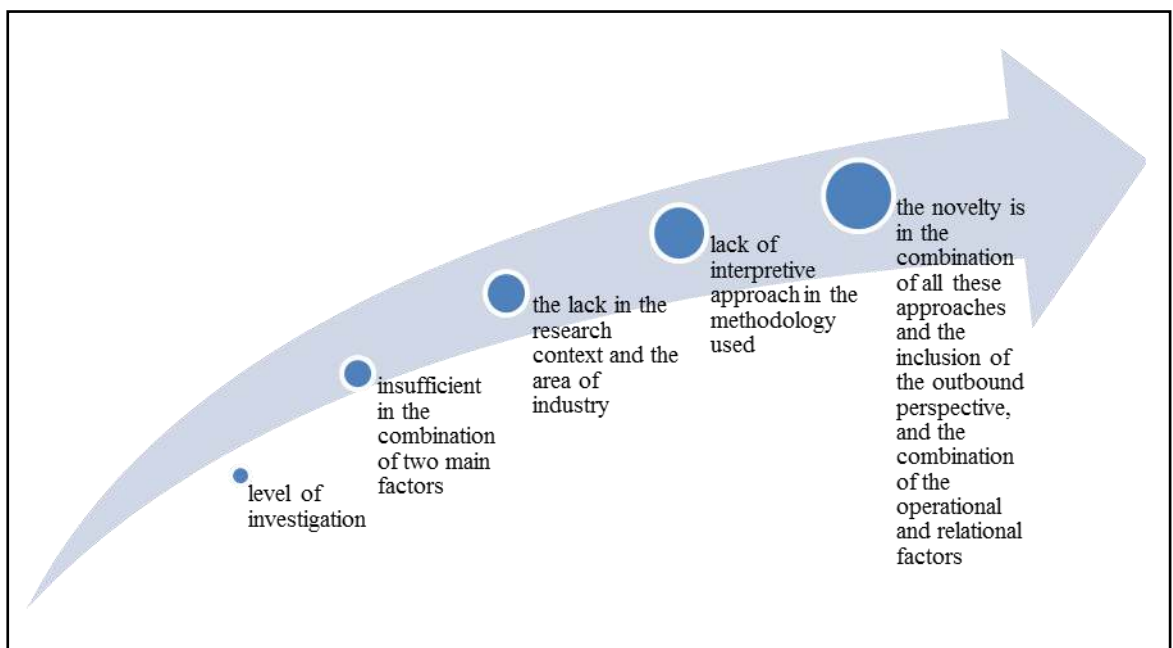
The next issue observed in Figure 3.1 is the lack of attention paid to research outside of Western contexts, for example in countries such as Malaysia, and in the lack of focus on different industries (Marasco, 2008). Moreover, Autry and Griffis (2008) make the point that in such research, there is a need for the entirety of the supply chain network to be investigated, and this is often not the case. These criticisms demonstrate a serious gap in the literature and the need to enhance current theory by bringing a developing context perspective to the understanding of delivery channel relationships involving TPLPs. In addition, as claimed by Daugherty (2011, p.24), despite the logistics partnership being a familiar study area reported in the literature, new advancements with changing times demand continuing research to ensure that knowledge is current. Furthermore, it is also apparent that there has rarely been a focus on one particular, and important industry, in previous studies, with the tendency being to view the issue from a generalist stance, providing evidence of events in many different industries. Whilst this is helpful for the purposes of generalisation, it does not provide the full picture of how TPLPs can work better with their customers in quite specific industrial settings, since the approach does not allow for particular problems to be considered (New and Payne, 1995). Hence, this study explores the entire issue of logistics partnerships in a highly-focused context, thereby being able to explain the precise phenomenon of the CM-TPLP relationship and consequently, to provide a deep understanding and rich explanation with regard to the means for achieving logistics partnership success. Additionally, as discussed in section 2.5, Malaysia as the exact research context is significant as it represents a developing country in South East Asia, and only two papers have been found (from Sohail and Sohal, 2003; Sohail *et al.*, 2006) that have examined the issue of TPLPs in Malaysia. These contributions are incomplete but they mark a start, and the current study builds on that.

Another gap revealed in Figure 3.1 is a methodological one, since there is a definite absence of interpretation in the techniques used this far for analysing partnerships between buyers and TPLPs. As emphasised in Tables 2.3, 2.5 and 2.6, the majority of research in this area has been performed using the survey method which is good for handling quantitative and general data, but much less effective for managing qualitative

information (for example, see Daugherty *et al.* 2009; Marasco, 2008; Selviaridis and Spring, 2005). Therefore, in order to obtain a richer understanding of the factors contributing towards a successful logistics partnership, a qualitative approach using an important case study is required, and the particular strategy adopted for the study is detailed in Chapter Four.

The fact that the justifications for performing this study are so numerous suggests that the study will have a certain novelty, as indicated in point number five in Figure 3.1.

**Figure 3.1:** Shortcomings in the Literature and the Contribution of the New Model

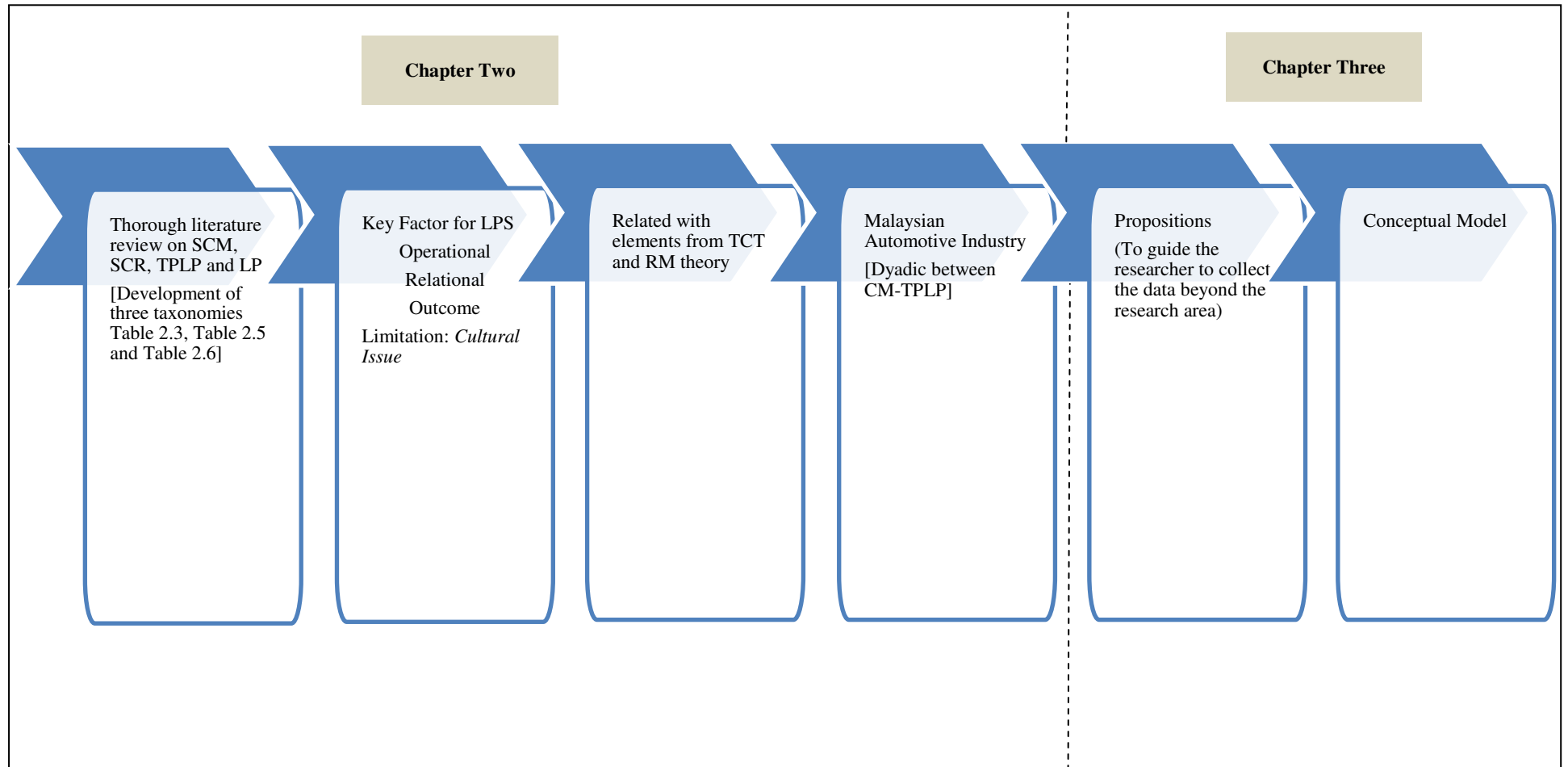


Source: Developed by the researcher for the purpose of this research

As can be seen from Figure 3.1, the novelty of this research arises from its combination of the operational and relational factors in investigating the logistics relationship between the CM and TPLP, and separately from the knowledge subsequently gained as a result. Additionally, all the pitfalls in the existing research are addressed in the study, hence providing a completely novel approach embodying a different research setting, a different methodology, and a more holistic strategy.

The key factors investigated in this study (operational and relational), and the outcome dimension as fully justified in Table 2.7 in Chapter Two are discussed in the following section. Figure 3.2 below shows how the issues discussed in Chapter Two are used as a basis for the development of the Chapter Three.

**Figure 3.2:** Operational, Relational and Outcome Factors Studied in this Research



Source: Developed by the researcher for this research

As discussed earlier in Chapter Two in Table 2.7, the key factors namely LSP, investment, IT in communication, information sharing, trust, commitment, power, dependency, conflict, renewal of contract, and company profitability are the main factors used as a basis for discussion, on the operational and relational dimensions and also on the outcome. It is important to note that the discussion of each of these factors underpins the development of the proposition. However, as has been emphasised at the beginning of this chapter, the propositions developed in this chapter are not intended to be tested, but rather to assist the researcher in the validation of the proposed conceptual model in the empirical field, thereby allowing the researcher to collect the data beyond the research focus in order to answer the research questions. At the same time, Table 2.7 also justifies the formation of the set of factors (under the operational, relational and outcome dimensions) to be investigated in this study as it is essential that the researcher obtains an initial list of the key themes from the literature review before embarking upon the fieldwork as recommended by Miles and Huberman (1994), in order to gain deeper understanding and explanation. The next sections (3.2, 3.3 and 3.4) discuss further what is presented in Table 2.7 in Chapter Two. All these factors are the main focus in this study in understanding logistics partnership success (LPS) between the CM and TPLP in the Malaysian automotive industry.

### **3.2 Operational Factors**

The operational factor dimension comprises a number of sub-factors (sub-themes) to be explored based on the gaps found within Chapter Two and the discussion above (for details see Tables 2.3, 2.5, 2.6 and 2.7). This operational dimension consists of several factors, for example, logistics service performance (LSP) which relates to the quality of the logistics service provided by TPLPs, investment, the use of IT in communication, and information sharing. These factors are discussed in the following sub-section, and the main propositions are subsequently presented.

#### **3.2.1 Logistics Service Performance (LSP) by the TPLP and the Logistics Partnership**

There is evidence from the literature showing a link between organisational performance and the service performance provided by the TPLP (Bhatnagar *et al.*, 1999;

Dadzie *et al.*, 2005; Mentzer *et al.*, 2001; Sohail and Sohal, 2003; Stank *et al.*, 2001; Stank *et al.*, 2003). However, this evidence is incomplete as all previous investigations have concentrated on one perspective only, thereby failing to provide a holistic empirical discussion about this issue. Moreover, some studies undertaken using a survey approach do not state exactly whether they are considering inbound or outbound perspectives. Therefore, it could be argued that the findings do not illuminate the important factors of logistics service performance for both the inbound and outbound sides. For example, a study by Bhatnagar *et al.* (1999) explains that the criteria for the evaluation of TPLP service are fill rates, warehouse cycle times, and total order cycle time, yet the study is general in its research sample and does not focus on one industry. Yet, in another study (by Dadzie *et al.*, 2005) concerning inbound logistics activity in the construction industry, inventory cycle time emerges as the most important aspect in assessing logistics service performance. The researcher, therefore concludes that the results might vary substantially in specific industries. Indeed, the current study, focusing on the relationship between the CM and TPLP in terms of the transportation provided by the TPLP, might reveal that the criteria by which TPLP service performance is evaluated differs. Hence, there is strong potential for the success of the relationship between the CM and TPLP in the automotive industry to be dependent upon other variables than those identified in generalist research. The criteria for TPLP evaluation can be established via the empirical work in this study, and once such knowledge is obtained, the theory on TPLPs will be enhanced.

It should be highlighted that there is also a need to know what is important for the outbound logistics context, since it is clear that TPLPs' service performance has significant effects upon the success of the logistics relationship, and from the researcher's own experience, this is definitely so between the CM and TPLP. Consequently, the lack of existing research in this area demands attention, and the factors that contribute towards effective logistics service performance in the outbound context, especially in the automotive industry, are in need of exploration since these are known to have great influence upon the effectiveness of the partnership. Rafiq and Jaafar (2007) show that certain factors are important in underpinning logistics service quality as provided by TPLPs in the inbound and outbound contexts, such as: information quality, ordering procedure, timeliness, personnel quality and order discrepancy handling, order quality, order release quantities, and order accuracy. Their

findings increase the number of the factors identified by Mentzer *et al.* (2001) in their investigation in the USA, which suggested order discrepancy handling to be the only criterion. However, Rafiq and Jaafar (2007) do not specify which factors are important for inbound and which are important for outbound activities. Leahy *et al.* (1995) determine that factors such as timeliness, the provider's knowledge and number of services offered, can influence the success of a logistics partnership. Again, however, there is no clear statement of which factor is vital for each context, and there consequently remains a need for additional research. Hence, the current study conducted in the automotive context is also justified on those particular grounds.

Previous work by Grant (2005) is in agreement with that by Leahy *et al.* (1995), and identifies transaction-oriented dimensions such as availability and timeliness as being vital in evaluating the logistics service performance of the TPLP. They claim that this particular factor tends to be more important to customers than the relationship dimension that includes trust, integrity and commitment. However, despite the identification of these various evaluative criteria, there is still no light thrown upon which criteria are associated with each industry as the focus of the studies is on the wider context, with survey methods and various industries being used. The present study considers the logistics partnership only in the automotive industry. Hence, the following proposition is presented:

**Proposition 1a:** *Logistics service performance has an association with logistics partnership success in the Malaysian automotive distribution channel from the outbound logistics perspective between the CM and TPLP.*

### **3.2.2 Investment and Logistics Partnership**

It should be argued that investment is one of the elements affecting the buyer-provider relationship in the logistics partnership. However, the existing theory does not identify how the individual aspects of investment influence the relationship between the CM and TPLP. It is believed that partnerships are required to share operating assets and resources (Lewis and Talalayevsky, 2000), and Maltz and Maltz (1998) stress that investment and information sharing are important determinants of channel performance. However, it could be argued that TPLPs will not expend maximum effort if they are not provided with an opportunity to share financial rewards. Benefit sharing is an important



aspect of the relationship, and hence, TPLP investment is seen as an expression of trust and commitment to the relationship, thereby being of interest to the customer or partner (Grant, 2005). This issue is rarely explored in the literature, and only weak explanations of investment-related issues associated with the logistics relationship are offered. This study intends to address this shortcoming by exploring this factor in depth, to establish its potential impact upon the success of the logistics relationship, and the next proposition is formulated on this basis:

**Proposition 1b:** *Investment has an impact on the success of the logistics partnership between the CM and TPLP in the Malaysian automotive delivery channel from the outbound logistics perspective.*

### **3.2.3 Information Technology Use and Communication in the Logistics Partnership**

According to Daugherty *et al.* (2009), Evangelista and Sweeney (2006), Jeffers (2010), and La Londe and Masters (1994), there is a strong link between the operation of logistics activities and communication using IT, it being believed that the use of IT significantly affects, in a positive way, the operation of logistics systems, improving communication among channel members at the same time. In their consideration of IT, Hofer *et al.* (2009, p.144) state:

*“The hardware, databases, software and other devices that support an information system, is the term that is often used interchangeably with information systems, which is a collection of components that collects, processes, stores, analyses and disseminates information for a specific purpose which support business operation, managerial decision making and strategic competitive advantage”.*

IT is recognised as a tool that captures and analyses data, thereby making the process of information sharing easier through speed, accuracy and reliability. It should be noted that IT provides organisations with better monitoring of transactions or activities such as ordering, movement and storage of goods and materials (Grant *et al.*, 2006). For example, systems such as materials requirement planning (MRP, MRPII), distribution resource planning (DRP and DRPII), and just in time (JIT), allow organisations to link many materials management activities such as ordering processes to the inventory

management, ordering activity from the supplier, and also forecasting and production scheduling (Grant *et al.*, 2006).

Terpend *et al.* (2008) examine the buyer-supplier relationship from 1986 to 2005, finding one of the important factors in this respect to be the use of IT. It should be noted that using IT, companies can easily communicate, recognise and monitor their client activities such as manufacturing, retailing or marketing that previously would have been unfeasible due to the workload involved; IT gives direct access to computerised databases to the supply chain partners (Lewis and Talalayevsky, 2000). From the overall literature, little empirical evidence has emerged however, regarding the role of IT in the success of the logistics relationship, and an opportunity arises to determine this from different perspectives, e.g. in the case of this study, from that of the CM and the TPLP. Recently, Daugherty *et al.* (2009) confirm that the use of IT results in broad firm integration which then improves logistics performance through accurate information transfer; the customer is also able to place orders or instructions regarding logistics activities (transportation) more efficiently. This outcome is in line with what has been suggested by Langley *et al.* (2002), and Paulraj and Chen (2007) who stress that the employment of IT could be considered as one of the success factors for effective TPLP operation.

In the other dyad relationship between the buyer and supplier, Sanders (2005) argues that IT has a positive impact on the supplier's strategic operational performance measures. Clearly, in supply chain activities, effective co-ordination depends on the flow of information since without accurate and timely information, the effort involved in the logistical system can be misdirected. Thus, it is recognised that IT has a significant role to play, and certainly in the 21<sup>st</sup> century, with increasing globalisation, it must be acknowledged that partnerships and alliances are highly reliant upon information support. Indeed, it is particularly important for supply chain partners to have access to information on activities that they do not directly control (Gustin *et al.*, 1995). Moreover, *"technologies such as the internet also allow managers greater advantage and accuracy in ensuring customers' satisfaction by enhancing the firm's ability to offer a more personalised, reliable experience and by reducing order-processing errors and response time"* (Sharif *et al.*, 2007, p.1249). Earlier, Lewis and Talalayevsky (2000) addressed the significance of IT use for the development of the

TPLP partnership, highlighting that IT allows the buyer and TPLP in the logistics relationship to easily communicate directly with rich data and to easily use the information channel, thereby bringing the potential for reducing co-ordination costs. As a result, the strategic partnership could be enhanced based on mutual goals. Lim and Palvia (2001) review the literature on Electronic Data Interchange (EDI) and find that the use of this IT application brings about market improvements. And later, Power *et al.* (2007) stress that there is a strong association between TPLPs' use of IT and their customers' logistics performance as accurate information can be transferred easily between them in the relationship.

Recently, Rafiq and Jaafar (2007) have stressed that logistics practices are heavily involved in inter-organisational information systems such as the internet and EDI in exchanging information due to the complexity of logistics operations and inter-organisational relationships. So, the quality of information should be evaluated in a more rigorous manner rather than simply by assessing the adequacy and availability of catalogue information. Hence, as this research is focused on the automotive industry and the relationship between manufacturer and TPLP, the intention is to explore some different aspects that what has been considered before, which is mostly the relationship between the retailer and the TPLP. The current study, in focusing on the logistics partnership success in the automotive context, identifies what IT capacity is important and what systems are used for automotive logistics partnership success between the CM and TPLP. Therefore, the next proposition is as follows:

**Proposition 1c:** *IT use has a significant influence on the success of the logistics partnership between the CM and TPLP in the Malaysian automotive industry.*

#### **3.2.4 Information Sharing in Logistics Partnerships**

There is no doubt that information sharing is significant for the success of any relationship as stressed by earlier research. According to Lee and Whang (2000), the most important factor in achieving information sharing, is the way in which the transferred information is used and implemented by the receiving company rather than the sharing of the right information with sufficient frequency. It is agreed that the flow of information between TPLPs and their customers affects both companies' performance (Klein and Rai, 2009). Clearly, information sharing is important for the

success of any relationship between channel members, as confirmed by the literature, however, the literature does not clearly explain what kind of information is needed for the success of the logistics relationship, and how this information could affect the partnership. Hence, there is a need to explore this issue, and this provides another justification for including this factor in the operational dimension to be examined in this study of the CM and TPLP relationship.

There is no doubt that effective information sharing can generate additional benefits for both parties in the relationship (Lee *et al.*, 2000; Klein and Rai, 2009). Indeed, specifically in supplier-buyer relationships in the context of logistics, performance gains are noted for both parties when strategic information is successfully shared, for example, in terms of financial performance (e.g. operating costs, asset management and productivity) and in terms of improvement to capabilities (e.g. production planning) (Klein and Rai, 2009). However, Kaipia and Hartiala (2006) suggest that only information that improves supply chain performance should be shared, thereby placing a question over information content; and at the same time other questions emerge regarding the logistics context since investigations of information sharing within the logistics industry are rare. Certainly, information sharing is important to the success of any form of business relationship, and any study considering this is of value, but specifically by identifying what type of information sharing is needed for the success of a logistics partnership between a CM and TPLP, this study will make a special contribution. Therefore, the next proposition is formulated:

**Proposition 1d:** *Information sharing significantly influences the success of logistics partnership success between the CM and TPLP in the Malaysian automotive industry.*

### **3.3 Relational Factors**

The relational factors dimension is comprised of soft factors, and will be explored in terms of the success of the logistics partnership on the basis of the shortcomings in the literature discussed in Chapters Two and Three (see Tables 2.3, 2.5, 2.6 and 3.1). Within this dimension, the themes to be considered are: trust, commitment, power, dependency, and conflict. This behavioural perspective provides important insights into the social relationships which exist within the marketing or supply chain channels. In particular, such perspectives (especially among marketing scholars) stress the

importance of power, conflict, co-operation and satisfaction among channel members. Therefore, the behavioural perspective can be expanded by an investigation within the context of the logistics partnership which has thus far, received limited attention. As confirmed by Knemeyer *et al.* (2003), the relationship marketing elements are important for the development of a partnership. Lages *et al.* (2008) reveal that trust and commitment are among the popular factors being investigated for the success or failure of the relationship. However, there is no consensus about which factors in the relational element are the most important for the success of the logistics partnership, and there is the distinct possibility that these might differ according to the industry or other contextual variations. Given one aim of the study is to identify the important relational factors for the success of the logistics partnership between the CM and TPLP, the following factors and propositions are offered:

### **3.3.1 Trust in the Logistics Partnership**

Previous research has confirmed that trust is essential in any relationship either in interpersonal relationships (Butler, 1986) or in business-to-business relationships (Barrat, 2004; Golicic and Mentzer, 2006; Henning-Thurau *et al.*, 2002; Knemeyer and Murphy, 2004; Kwon and Suh, 2005; Lambert *et al.*, 2004; Morgan and Hunt, 1994; Thomas and Skinner, 2010; Tian *et al.*, 2008). In the context of a logistics partnership, Tian *et al.* (2008, p.359) argue that in order to cultivate the trust of logistics users towards third party logistics providers (TPLP), the roles of the TPLP are vital. They claim that the TPLP should emphasise the following:

*“Firstly, creating and enhancing their reputation in the industry. Secondly, TPLP providers should have an appropriate amount of relationship-specific investment to signal logistics users of their long-term commitment. Thirdly, TPLP providers should share appropriate information (in quantity, quality and timeliness) with logistics users and finally the TPLP should improve logistics’ user satisfaction levels”.*

Beatson (2008) stresses that satisfaction is related to the trust and commitment factors. According to Oliver (1999), satisfaction is about fulfilling someone’s wish and objective. It is also about the customer’s estimated experience of the extent to which providers’ services fulfil partners’ expectations (Gerpott *et al.*, 2001). Similarly, Cambro-Fierro and Polo-Redondo (2008) confirm that trust, communication and co-

operation are the main determinants of customer satisfaction in construction services. This is agreed by earlier researchers, Kwon and Suh (2004). Trust is significant in relationships; however Tian *et al.* (2008) find that trust has nothing to do with the length of the relationship between partners in any context. This is an interesting finding, and with regard to the current study, the researcher takes it on board in considering the overall relational dimension as a strong influencer of logistics partnership success. Despite confirmation of the importance of trust, there is no clarity as to how trust is developed in logistics partnerships and how it influences the success of the logistics relationship between the CM and TPLP. Hence, the following propositions are developed:

**Proposition 2a:** *The success of the logistics partnership between the CM and TPLP in the Malaysian automotive industry is substantially influenced by trust.*

### **3.3.2 Commitment in Logistics Partnerships**

It is undeniable that commitment is a core factor that could make any relationship succeed or fail (Morgan and Hunt, 1994). Anderson and Weitz (1992, p.19) define relationship commitment as “*the desire to develop a stable relationship, a willingness to make short-term sacrifices to maintain the relationship*”. From a psychological perspective, commitment can be defined as a tendency to maintain a relationship and feel psychologically attached to it (Rusbult, 1983). Commitment is recognised as helping to lead the relationship to success (Davis and Mentzer, 2006; Gentry, 1996; Golicic and Mentzer, 2006; Lambert *et al.*, 2004; Smith and Barclay, 1997). It should be noted, here that any nurturing of a relationship must start with developing commitment between the partners. This strategy will help to reduce conflict. Anderson and Narus (1990) also emphasise that commitment is a significant factor for long-term relationship development. Thus, analysing the factor of commitment in the current study is important. With the knowledge gained in the context of the CM and the TPLP in the Malaysian automotive industry, the existing theory that offers limited understanding on this issue in a non-western setting will be considerably expanded.

Daugherty *et al.* (2002) confirm that commitment does not only impact on the buyer-seller relationship, but also has an important influence on the performance of the information system. They find that the better the commitment between buyer and

supplier to maintaining a reverse logistics programme, the better the value of the information system support arrangements for every aspect of performance. On the other hand, Smith and Barclay (1997) suggest trust and commitment as a mediator that will drive consumer satisfaction, firm satisfaction, and relationship satisfaction. In the current study, the researcher intends to consider how commitment in the automotive logistics partnership between the CM and TPLP can affect the success of the relationship, and in the strong belief that commitment is an important factor in the relational dimension for the success of each partnership, the following proposition is offered.

**Proposition 2b:** *There is a positive association between commitment and logistics partnership success between the CM and TPLP in the Malaysian automotive industry.*

### **3.3.3 Power in Logistics Partnerships**

In the marketing literature, power is considered as control over the activities of a distribution system (Carter *et al.*, 2007; Cox, 1999; El Ansary and Stern, 1972; Ennew *et al.*, 1993; Hingley, 2001; Lusch, 1976; Lusch and Brown, 1982; Gaski, 1984; Reve, 1986; Zhuang and Zhou, 2004). However, this concept is rarely investigated from a supply chain relationship perspective (Davis and Mentzer, 2006). Traditionally, power has been viewed as the contributing factor to the satisfaction in most empirical studies of the relationship (Gaski, 1984). According to Ennew *et al.* (1993), in channel relationships, the misuse of power by any channel member could result in conflict in the relationship. Effective management of the relationship between channel members is therefore, dependent on the development of conflict management strategies to ensure goal congruence. The factor of power, especially among main channel members like manufacturers and retailers, has been explored in the marketing journals (for example the IMP group) (for example, see Mohd Roslin and Melewar, 2001). And studies draw mainly on behavioural issues, an approach that emphasises the key role of social interaction (power, conflict, co-operation) in producing a system for managing, co-ordinating, and controlling distribution systems (see for example: Stern and El Ansary, 1992). However, there has been no such attention in the supply chain relationship context. Ennew *et al.* (1993), for example, look at the issue of power and control in automotive channel distribution in Turkey and stress that the misuse of power in channel relationships could negatively affect the relationship. This argument is

supported by Maloni and Benton (2000) who observe that the dominant power-holders in the supply chain must be careful in applying their power because its misuse can lead to underperformance and will have a negative impact on the relationship with the partners.

It should be noted that in the buyer-seller relationship, the buyer is always assumed to have more power but it is also argued that in inter-firm relationships, for example, in the case of buyer-provider relationships, the relationship exists because both parties are dependent on each other for success. In the case of the automotive industry for example, CMs cannot transport their cars to the dealers without TPLPs, and in this situation it would appear that the power lies with the TPLP. However, the extent to which the power issue affects the logistics relationship has not been researched, and the literature to date does not provide a sufficient explanation of this matter. For example, work by Dyer and Nobeoka (2002) and Maloni and Benton (2000) indicates that there are different sources of power, and that in the automotive industry, power is mainly asymmetric in the supply chain channel. Hence, there is a need for further exploration, which the current study attempts to do by investigating how the factor of power in the relational dimension can affect the success of the logistics partnership in the automotive industry. If it appears as an important contributor to partnership success then it is necessary to gain a clear understanding of what makes the partners use their power and how the other partners react to them. Thus, the next proposition is:

**Proposition 2c:** *Power has a significant effect on the success of the logistics relationship between the CM and TPLP in the Malaysian automotive industry.*

### **3.3.4 Dependency in Logistics Partnerships**

In the inter-firm relationship, the factor of dependency is important since neither party can work alone, and each needs the other to perform effectively (Aastrup *et al.*, 2007; Carter *et al.*, 2007; De Toni *et al.*, 1994; Golicic and Mentzer, 2006; Johnson, 1999 and Lemke *et al.*, 2003). Golicic (2007) confirms that dependency is one of the factors leading to relationship strength. She suggests that in order for TPLPs to obtain stronger relationships with their partners, they need to experience substantially higher levels of dependence than their customers. Dependency is identified by Diamantapolous (1987, p.186) as a “*key factor determining the locus of control within a channel system. In the*



*context of a contract based system, the locus of control implicitly lies with the manufacturer, dependency is nevertheless important in that the extent to which a dealer believes that he/she is dependent on the manufacturer, the greater the manufacturer's perceived degree of control".* As dependency is a factor that is very rarely researched in the supply chain relationship compared to the marketing channel (see Mohd Roslin and Melewar, 2001), the researcher further investigates this theme in analysing the logistics relationship between the CM and TPLP. For that reason, the next proposition is developed, as below:

**Proposition 2d:** *Dependency has an impact on the success of the logistics partnership between the CM and TPLP in the Malaysian automotive industry.*

### **3.3.5 Conflict in the Logistics Partnership**

Conflict is another factor that is very rarely researched in the context of the supply chain relationship, and especially in analysing logistics partnerships. It should be noted that conflict could positively affect the success of any relationship as it has been seen as a natural feature in the situation between the manufacturer and its partners, such as the dealer and any third party like a TPLP (Gaski, 1984; Reve, 1986; Stern and El-Ansary, 1992; Wilkinson, 1981). According to Ennew *et al.* (1993, p. 395) "*the power of one party over another or the dependence of one party on another can create conflict within a relationship or may arise as the result of conflict*". It is also recognised as a central feature in the distribution channel context (Mallen, 1963). Additionally, it always relates to the appearance of power in any channel relationship (Ennew *et al.*, 1993). Even though there are studies that consider conflict and its effect upon the relationship among channel members, it should be highlighted that there is limited understanding of this issue in the logistics relationship and a much deeper appreciation of this is required. Hence, the researcher presents the next proposition:

**Proposition 2e:** *Conflict has a significant effect on the success of the logistics partnership between the CM and TPLP in the Malaysian automotive industry.*

### **3.4 Outcome Dimension**

It should be noted that there is a contradiction in the empirical evidence that explains the benefit for the buyer and the provider in the logistics relationship, which is intended

to produce a win-win outcome. Moreover, there is limited understanding of the outcomes that are realisable in the logistics partnership. The outcome dimension refers to what actually comes about in the relationship as a result of the partnership, and this may be positive benefiting both parties, or negative for one or both partners. In this research, the outcomes identified are from both perspectives (i.e. the CM and the TPLP). Logistics partnership success can be defined as satisfaction with the relationship, relationship satisfaction, or relationship quality (Gummerson, 1999). From the relationship marketing perspectives, relationship satisfaction refers to the relationship quality (Christopher, 1992) which is defined as a measurement of the extent to which the relationship between buyer and provider can be sustained. It is about the focus on the total character of the relationship between the customer and the firm. Generally, trust and commitment are key elements of relationship quality (Crosby *et al.*, 1990; De Wulf *et al.*, 2001; Dorsch *et al.*, 1998; Henning Thurau and Klee, 1997). In other definitions, high quality relationships are characterised by high levels of satisfaction, trust and commitment (De Wulf *et al.*, 2001). From the thorough review of the literature, the expected outcome from the logistics partnership success is as follows.

#### **3.4.1 Long-term Relationship (Renewal of Contract)**

There is not a complete understanding of how a long-term relationship might evolve in the logistics partnership. It might represent a situation that has developed from feelings of loyalty felt by both parties, and a subsequent wish to continue their engagement in the relationship. That loyalty may come about because of overall satisfaction. Indeed, it has been recognised that the determinants of the renewal of the TPLP's contract are the logistics service performance (Lieb and Bentz, 2005a). It is also believed that loyalty in the logistics relationship could be achieved when in addition to the partners being satisfied with the logistics service provided, they are also satisfied on the relational dimension (Stank *et al.*, 2003). Of course, partnerships cannot continue to exist without loyalty, and therefore, long-term relationships refer to situations where the contracts between partners in the logistics relationship are repeatedly renewed. Furthermore, it is believed that buyer-seller relationships could continue when the partner is motivated to stay in a relationship in order to avoid the trouble of switching or changing the partner (Dwyer *et al.*, 1987; Heide and Weiss, 1995). Having this in mind, the researcher formulates the following proposition:

**Proposition 3a:** *Renewal of contract is an outcome achieved from a successful logistics partnership between the CM and TPLP in the Malaysian automotive industry.*

### **3.4.2 Company Profitability**

There is evidence within the literature that an important outcome of buyer-seller relationship success is company profitability (Bhatnagar and Viswanathan, 2000; Brown *et al.*, 1991; Jaafar and Rafiq, 2005; Jeffers, 2010; Lai *et al.*, 2008; Zacharia *et al.*, 2009), yet there is still a lack of information about what the different partners in logistics relationships rate as significant outcomes, as studies to date have tended to focus on the customer perspective only. Hence there is only partial understanding of what a favourable outcome would be for the provider side. As the aim of the partnership is mutual benefit, there is consequently a need to identify the benefit accruing to the provider from a logistics partnership. One common feature reported in the literature, is that partnership can be seen to reduce cost and increase company profitably (Deepen *et al.*, 2008; Doyle and Stern, 2006). Therefore, there is a need to validate this contention by investigating the provider side also, and in so doing, provide a more holistic picture of the outcome dimension, thereby contributing towards existing theory. The following proposition is thus formulated:

**Proposition 3b:** *Company profitability is determined to be an outcome from the success of logistics partnerships in the Malaysian automotive distribution channel from the outbound logistics perspective.*

Given the in-depth discussions about operational, relational and outcome dimensions, the propositions that encompass the arguments are now linked to the development of the proposed conceptual model as shown in section 3.5. Before proceeding to the development of the conceptual model, the propositions discussed above are documented in Table 3.1. It can be seen that the propositions established within this chapter have emerged as a result of a thorough review of past research with regards to LPS. In this review, the focus has been on both operational and relational factors, together with the outcome. Table 3.1 shows the list of propositions that have been developed together with the related references and linked with the research question (RQ).

**Table 3.1:** Propositions for LPS and References

No.	Propositions	References
<b>Operational</b>		
1a	Logistics service performance has an association with logistics partnership success in the Malaysian automotive distribution channel from the outbound logistics perspective between the CM and TPLP.	Bhatnagar <i>et al.</i> (1999); Dadzie <i>et al.</i> (2005); Grant (2005); Leahy <i>et al.</i> (1995); Mentzer <i>et al.</i> (2001); Rafiq and Jaafar (2007).
1b	Investment has an impact on the success of the logistics partnership between the CM and TPLP in the Malaysian automotive delivery channel from the outbound logistics perspective.	Humphreys <i>et al.</i> (2001); Lambert <i>et al.</i> (2004).
1c	IT use has a significant influence on the success of the logistics partnership between the CM and TPLP in the Malaysian automotive industry.	Grant <i>et al.</i> (2006); La Londe and Masters (1994); Sanders (2005); Tate and Talalayevsky 2000; Terpend <i>et al.</i> (2008).
1d	Information sharing significantly influences the success of logistics partnership success between the CM and TPLP in the Malaysian automotive industry.	Klein and Rai (2009); Lee and Whang (2000); Lee <i>et al.</i> (2000).
<b>Relational</b>		
2a	The success of the logistics partnership between the CM and TPLP in the Malaysian automotive industry is substantial influenced by trust.	Beatson (2008); Butler (1986); Henning-Thurau <i>et al.</i> (2002); Kwon and Suh (2004); Morgan and Hunt (1994); Tian <i>et al.</i> (2008); Oliver (1999).
2b	There is a positive association between commitment and logistics partnership success between the CM and TPLP in the Malaysian automotive industry.	Anderson and Weitz (1992); Daugherty <i>et al.</i> (2002); Kumar <i>et al.</i> (1994); Min and Mentzer (2000); Morgan and Hunt (1994).
2c	Power has a significant effect on the success of the logistics relationship between the CM and TPLP in the Malaysian automotive industry.	Carter <i>et al.</i> 2007; Cox (1999); El Ansary and Stern (1972); Ennew <i>et al.</i> (1993); Maloni and Benton (2000).
2d	Dependency has an impact on the success of the logistics partnership between the CM and TPLP in the Malaysian automotive industry.	Aastrup <i>et al.</i> 2007; Carter <i>et al.</i> (2007); De Toni <i>et al.</i> (1994); Golicic (2007); Mohd Roslin and Melewar (1999).
2e	Conflict has a significant effect on the success of the logistics partnership between the CM and TPLP in the Malaysian automotive industry.	Brown <i>et al.</i> (1991); Ennew <i>et al.</i> (1993); Gaski (1984); Mallen 1963; Stern and El Ansary (1992); Reve (1986) Wilkinson (1981).
<b>Outcome</b>		
3a	Renewal of contract is an outcome achieved from a successful logistics partnership between the CM and TPLP in the Malaysian automotive industry.	Davis and Mentzer (2006); Lieb and Bentz (2005a).
3b	Company profitability is determined to be an outcome from the success of logistics partnerships in the Malaysian automotive distribution channel from the outbound logistics perspective.	Bhatnagar and Viswanathan (2000); Brown <i>et al.</i> (1991); Deepen <i>et al.</i> (2008); Doyle and Stern (2006); Jaafar and Rafiq (2005); Qureshi <i>et al.</i> (2007).

Source: Developed by the researcher for the purpose of this research.

To conclude, the development of the conceptual model is based on the propositions articulated in this chapter, which are themselves related to the research questions, and thereby to the fulfilment of the research objectives. The propositions are also presented in Chapter Five to show the findings in each case. In Chapter Six, the propositions are further validated and revised according to the findings from the seven cases.

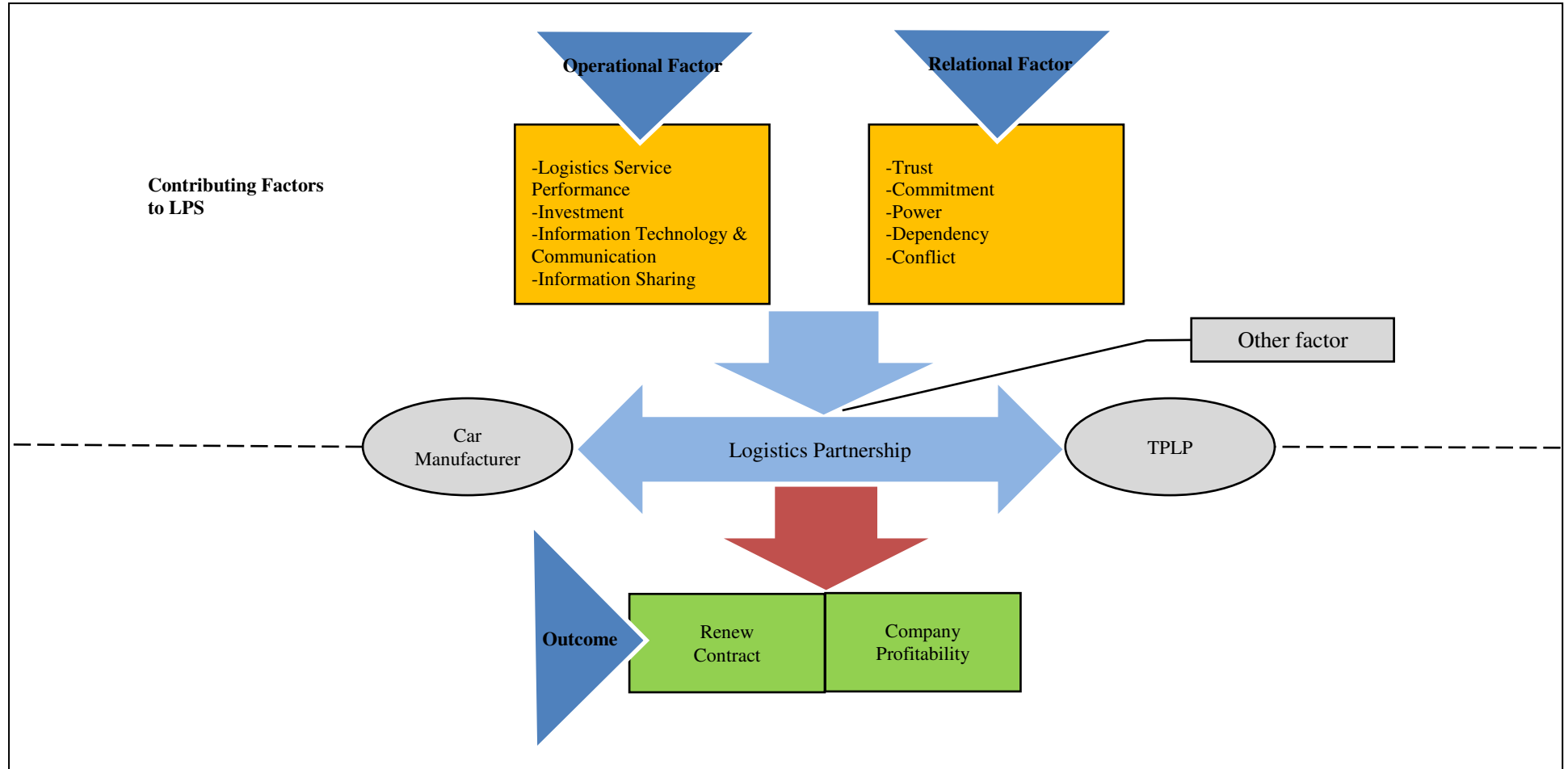
### **3.5 Proposed Conceptual Model**

The conceptual model formulated as a result of the discussions so far, will be validated during the empirical fieldwork. Figure 3.3 shows that there are three main factors being explored in this research, namely operational, relational and outcome factors, with regard to LPS, and each of these factors consists of several sub-factors. The main outcomes expected are renewal of contract as a result of loyalty in the relationship, and also a significant positive effect on company profitability. Figure 3.3 also highlights 'other factors' as the researcher believes other issues may come to light during the empirical work in consequence of the respondents wanting to share ideas during the interview sessions. This is because, as mentioned earlier, the researcher is that cultural issues in the business-to-business relationship might influence the relationship as claimed by (House and Stank, 2001). However, as already mentioned, culture is not a focus of this research and it is only included since it may be mentioned by the research participants. Also, specifically, at the end of the interview, respondents will be asked whether there are any other matters they might want to share, and from this prompting, other factors may emerge.

Figure 3.3 has been developed as a result of the inability of previous studies to provide a clearer understanding of the issue of logistics partnership success. As discussed earlier in Chapter Two, the operational and relational factors have an importance influence on the success of logistics partnership. These two factors will be further explored in order to enhance the current theory relating to the logistics partnership. Additionally, as the model is developed specifically for the Malaysian automotive industry, and includes both perspectives (the CM and TPLP), the current theory relating to that particular context will be expanded. And the further exploration of the outcome factor will enhance the understanding of the logistics partnership in the Malaysian automotive industry especially in respect of knowledge relating to the SCR and TPLP. Finally,

other factors that might emerged from the participants will also add to our understanding of the CM-TPLP relationship success. Therefore, it could be concluded that this model is potentially very useful, and that after its validation and revision in Chapter Six, it will stand as a novel framework that will contribute to our understanding of CM-TPLP which enhance the current knowledge about SCM and TPLPs.

**Figure 3.3:** Conceptual Model of LPS in the Malaysian Automotive Distribution Channel from the Outbound Logistics Perspective



Source: Developed by the researcher for the purpose of this research.

### **3.6 Conclusion**

To summarise, this focal theory chapter has been developed from the shortcomings, weaknesses and insufficient understanding of operational, relational and outcome dimensions in the logistics partnership between the clients and TPLPs. Transferring this understanding to the situation of CMs and TPLPs in the Malaysian automotive industry can be seen as significant as it will provide a novel contribution to the literature, representing an investigation that addresses several different omissions in the literature, i.e. dyad relationship success, and a dual perspective. It should be emphasised that even though this model is developed from the weaknesses of previous research, the researcher has confirmed the model as being suitable for gathering empirical evidence with one consultant from logistics, and one from automotives in Malaysia as is explained in Chapter Four. In the following chapter, the research methodology is presented. This chapter will be further discussed in Chapter Six, when a discussion from the findings and the revised proposition and revised model will be presented.



## CHAPTER FOUR: RESEARCH METHODOLOGY

### 4.0 Introduction

Chapter Four introduces, justifies and discusses the rationale for the methodology used in this study. It is recognised that research provides the foundation for reports and representation of what has been studied (Denzin and Lincoln, 2005; p.1). Therefore, in order to provide a deep understanding and rich description of the issue of logistics partnership success in the automotive industry between a CM and TPLP, the research adopts a qualitative approach. This equates with an ontological and epistemological stance to investigate the interpretive aim that allows the researcher to engage in greater exploration and generate insight regarding issue of logistics partnerships. Accordingly, this data theory follows three phases of the case study protocol as indicated by Eisenhardt (1989). In the initial phase of the case study protocol, the researcher explains the method used in developing research instruments (interview questions). This includes the sampling technique employed to find respondents, and an indication of how the multiple case study organisations are selected. At this phase, research propositions are also developed for the purpose of helping the researcher to collect data beyond the research area.

The second phase of the case study protocol is concerned with entering the field for data collection and the methods adopted, which are the interview, document review, and observation. This will be discussed further, and a justification for the choice of each (essentially on the grounds of triangulation) will be provided. The analysis phase, specifically the methods, strategies, techniques and tools used in analysing the data from the fieldwork is considered, and the way in which the findings have answered the research questions and validated the proposed conceptual model developed in Chapter Three, is shown. The use of qualitative computer software NVivo 9 also helps organise and store the data more systematically which, in turn eases the analysis process. Additionally, the chapter introduces the main criteria, procedures and strategies to ensure the trustworthiness of the research, essentially aiming to generate credibility, conformability, transferability and dependability of the results. Being aware that the data collection involves humans and organisations, the researcher follows the ethical

guidelines for research as required by Brunel University. Confidentiality of the participants is ensured at all times.

The third phase of the case study protocol is reached when the researcher finds that no new information is forthcoming from the interviewees, and that effectively theoretical saturation is achieved. At this stage, the researcher will conclude the findings, revise the propositions, and develop a revised model. In this chapter, the researcher also provides a figure illustrating the research design in order to provide a clear explanation of how the research is performed. The chapter finishes with a short conclusion.

#### **4.1 Research Philosophy**

The first part of this chapter outlines the researcher's philosophical stance. For empirical research in social science to be successful, it should begin with a properly articulated philosophical base as this provides a crucial starting point for all social sciences research. It is important to highlight that research philosophy is about the way in which people view the world, how they consider knowledge and truth, and hence issues concerning ontology and epistemology are paramount in social science studies. As noted by Saunders *et al.* (2009), important differences are seen in these respects, which influence the way of thinking about the research process. Ontology refers to "*the researcher's view of the nature of reality or being*" (Saunders *et al.*, 2009, p. 119), thus being concerned with assumptions or claims about what exists, what it looks like, what it is comprised of, and how the elements that do make it up interact with each other (Blaikie, 1993). On the other hand, epistemology is known as "*the researcher's view regarding what constitutes acceptable knowledge*" (Saunders *et al.*, 2009, p. 119) and this is therefore, concerned with what represents acceptable knowledge in a particular field of study. It should be highlighted that epistemology is a process where social science theories of knowledge are discussed, evaluated and justified (Gill and Johnson, 2002). Essentially, there are four types of research philosophy in management research, which are shown in Table 4.1.

**Table 4.1:** Comparison of Four Research Philosophies in Management Research

	<b>Positivism</b>	<b>Realism</b>	<b>Interpretivism</b>	<b>Pragmatism</b>
Ontology The researcher's view of the nature of reality or being	External, objective and independent of social actors	Socially constructed, subjective, may change, multiple	External, multiple, view chosen to best enable answering of research question	External, multiple, view chosen to best enable answering of research question
Epistemology The researcher's view regarding what constitutes acceptable knowledge	Only observable phenomena can provide credible data, facts. Focus on causality and law like generalisations, reducing phenomena to simplest elements	Observable phenomena provide credible data, facts. Insufficient data means inaccuracies in sensations (direct realism). Alternatively, phenomena create sensations which are open to misinterpretation (critical realism). Focus on explaining within a context or contexts	Subjective meanings and social phenomena. Focus upon the details of situations, a reality behind these details, subjective meanings motivating actions.	Either or both observable phenomena and subjective meanings can provide acceptable knowledge dependent upon the research question. Focus on practical applied research, integrating different perspectives to help interpret the data
Data collection techniques most often used	Highly structured, large samples, measurement, quantitative, but can use qualitative	Methods chosen must fit the subject matter, quantitative or qualitative	Small samples, in-depth investigations, qualitative	Mixed or multiple method designs, quantitative and qualitative

Source: Saunders *et al.* (2009), p. 119

The researcher's philosophical stance favours an interpretivist approach in order to generate insight into the CM-TPLP relationship. It is suitable for the researcher who seeks to focus on the details of the situations where it allows the researcher to have a deep understanding about the phenomenon under investigation as shown in Table 4.1. Considering the area and deepness of the research carried out, an interpretivist epistemological approach is taken in this research in order to shed light and understanding on the logistics partnership, specifically the relationship between the CM and TPLP as it allows the researcher to study in the natural setting and interpret the phenomena for the theory building (Denzin and Lincoln, 2005). As an interpretive researcher, this research offers a holistic, analytical and interpretive model rather than a predictive positivist-based conceptualisation. Walsham (1993) argues that the main benefit of conducting an interpretive study is an expansion of the understanding of the subject under research, rather than figuring out numbers and percentages about phenomena. However, in understanding the phenomena, Bryman and Bell (2007) and Saunders (2009) stress that realism is a philosophy for a researcher adopting case study as it explains what is happening in reality. This is similar to Perry's (1998) thought.

Therefore, the researcher also allows an amount of realism in this research as it should be noted that to understand the real phenomena, it is sometimes necessary accept what is actually happening in reality.

Moreover, it should be highlighted, here, that at the initial stage of this research, the researcher uses the theory to understand the related phenomenon to the research topic as a guide to find a problem, weakness and gap from previous study which has not been fully covered, and it also helps the researcher to develop a prior conceptual model. Hence, when the researcher understands the use of the theory in hand, the next approach taken is either to adopt an inductive or deductive approach in gaining insight into the subject of investigation. The inductive approach involves theory building as a result of observing empirical data (Saunders *et al.*, 2009). Additionally, this inductive process moves from a specific empirical case or a collection of observations to general law, for example from facts to theory (Taylor *et al.*, 2002). It is a theory development process that starts with observations of specific instances of one phenomenon and seeks to establish details and insight into that phenomenon (Spens and Kovacs, 2006). As suggested by Saunders *et al.* (2009), the result of this analysis would be the development and enhancement of a theory. It contrasts with the deductive research approach which is more of a theory testing process, founded on an established theory of generalisation, and looking at whether the theory applies to a specific occasion (Hyde, 2000). Table 4.2 below, shows the different attributes between deductive and inductive approaches.

**Table 4.2:** Major Differences between Deductive and Inductive Approaches to Research

<b>Deductive Emphasis</b>	<b>Inductive Emphasis</b>
<ul style="list-style-type: none"> <li>• Scientific principles</li> <li>• Moving from theory to data</li> <li>• The need to explain causal relationships between variables</li> <li>• The collection of quantitative data</li> <li>• The application of controls to ensure validity of data</li> <li>• The operationalisation of concepts to ensure clarity of definition</li> <li>• A highly structured approach</li> <li>• Researcher independence of what is being researched</li> <li>• The necessity to select samples of sufficient size in order to generalise conclusions</li> </ul>	<ul style="list-style-type: none"> <li>• Gaining an understanding of the meanings humans attach to events</li> <li>• A close understanding of the research context</li> <li>• The collection of qualitative data</li> <li>• A more flexible structure to permit changes of research emphasis as the research progresses</li> <li>• A realisation that the researcher is part of the research process</li> <li>• Less concern with the need to generalise.</li> </ul>

Source: Saunders *et al.* (2009), p. 127

However, it is significant to highlight that a deduction process is needed in interpretive research as it allows clarification of what is lacking in the theory to the data as can be seen in Table 4.1 above. This means that the use of theory is applicable where it helps the researcher to develop an initial proposition and the proposed conceptual model for further empirical validation and improvement. It aligns with what has been suggested from Perry (1998, p. 790) which states that “*the prior theory informs all main data collection equally and new theory is generated from all cases in one operation of cross-case data analysis across all the main cases*”. What is more, Miles and Huberman (1994) state that the coding process in qualitative research comes from the key themes that are already developed from literature review. In this research, the researcher allows the deductive process at the beginning of the research, however, this does not mean that the researcher allows the deductive process as a major or pure- approach to the research, as the aim of this research is to build a theory from the field, not to test a theory, meaning that the aim is to develop a deep understanding of the issue of LPS between CMs and TPLPs in the Malaysian automotive industry. It is believed that research using an inductive approach is likely to be particularly concerned with the logistics partnership context. Therefore, the study of a small sample of subjects is appropriate in this research as generalisation is not its purpose and not important in understanding the logistics partnership context. It is in contrast to the deductive approach of aiming to provide large numbers of quantitative results as explained in Table 4.2.

It is important to shed light that the researcher when adopting an inductive approach, is more likely to work with qualitative data and to use multi methods in collecting data in order to establish rich understanding of phenomena (Easterby-Smith *et al.*, 2008). Moreover, the rationale of reporting which approach the researcher adopts in this research is important because it actually leads towards rigour. Rigour in logistics research is significant in both quantitative (Keller 2002b; Mentzer and Flint, 1997) and qualitative research (Ellram, 1996; Golicic *et al.*, 2002; Halldorson and Aastrup, 2003). It is supported by Gammelgaard (2004) who says that the philosophy of the researcher is actually central in adopting a research approach, method and analysis which then helps the researcher to adopt the necessary rigour in the research process. According to Mentzer and Flint (1997; p.200) rigour is an essential concept in research and “*...implies care in avoiding inadvertently concluding something the research did not actually reveal*”. However, it should be highlighted that rigour in quantitative research,

of which much has been completed in logistics (Garver and Mentzer, 1999; Keller, 2002; Mentzer and Flint, 1997) is actually inadequate in terms of explaining hypotheses explicitly, as this makes the conduct of replication studies impossible. Nevertheless, in this current research the researcher applies replication logic, comparing all the cases with each other until saturation is reached (Eisenhardt, 1989; Miles and Huberman, 1994; Perry, 1998). This opens the opportunity for the researcher to build a theory from rich data.

With regards to the study in logistics research, the positivist approach is the largest application adopted from previous research (for example a study from Boyson *et al.*, 1999; Daugherty *et al.*, 1996; Daugherty *et al.*, 2009; Evangelista and Sweeney, 2006; Fernie *et al.*, 2000; Grant, 2005; Jaafar and Rafiq, 2005; Knemeyer and Murphy, 2005a,b; Kun Cho *et al.*, 2008; Lai *et al.*, 2008; Morris and Carter, 2005; Power *et al.*, 2007; Sanders, 2005; Tian *et al.*, 2008; Wallemburg *et al.*, 2010). According to Mentzer and Kahn (1995, p.232), *“research findings in the positivist tradition are considered value-free, time-free and context independent, with the general agreement that causal relationships can be discovered”*. It could be highlighted that their review on articles from 1978-1993 show that survey is used in more than half of the articles and has been recognised as a preferred research method. This is supported by Arlbjorn and Halldorsson (2002) and Naslund (2002).

However, in understanding the logistics partnership issue between CM and TPLP, this approach is not suitable as it fails to provide rich explanation of relationships (Paulraj *et al.*, 2008). Research on logistics relationships, or any other supply chain relationship, should be completed inductively as it allows the researcher to delve deeper and build a theory on the observable phenomena. In this epistemological interpretive research, qualitative study is undertaken to obtain deep insight into the issue concerning inter-organizational relationships between the CM and TPLP as it is believed that clearer understanding and rich data could be gathered through in-depth investigation within the dyad. It also respond to Marasco (2008) who calls for more researchers to undertake qualitative research in examining the supply chain relationship as it allows a deep understanding of the successful business-to-business relationships, which previous literature fails to explain (Paulraj *et al.*, 2008).

## 4.2 Research Methodology

Glaser (1992; p.7) defines methodology as the theory of methods and gives an insight to the audience to gain better understanding of past research and give basic idea on how to proceed in future (Gammelgaard, 2004). In the 20<sup>th</sup> century, qualitative research has not received widespread use and acceptance in logistics, operations, materials management and distribution channel research. It needs to emphasised the fact that a majority of empirical research completed in logistics, operations and channel relationships has been done from a quantitative approach (Mentzer and Kahn, 1993; Ellram, 1996) which holds a positivist paradigm. However, today the use of qualitative research in supply chain management is increased as a result of inefficiency in quantitative research. The aim of qualitative or interpretive studies is to reveal subjectivity, complexities, nuances, uniqueness and details that are usually ignored in quantitative studies (Klein and Myers, 1999; Mason, 2002). At the same time, qualitative results frequently express verbally the interpretation of something into text which could create an understanding of relationships or complex interactions. Today, researchers use the qualitative approach to research the supply chain area; for example, a study to understand service driven loyalty (Davis and Mentzer, 2006), logistics outsourcing strategy (Mello *et al.*, 2008), motor carrier driver behaviour (Swartz and Douglas, 2009) and antecedents of inter-organisational relationships (Golicic and Mentzer, 2005).

To accomplish the aim of this research and answer the research question, the researcher has opted for a qualitative methodology by adopting a case study method to gather rich information and an insight into the phenomenon. According to Denzin and Lincoln (2005; p.3) qualitative research means *“a situated activity that locates the observer in the world. It consists of a set of interpretive, material practices that make the world visible”*. In other words, qualitative researchers study things in their natural environment, to understand or grasp phenomena in terms of the meanings people bring to them. Miles and Huberman (1994, p.1) review qualitative research as a *“source of well grounded, rich descriptions and explanations of process in identifiable local context”*. A similar definition is provided by Bryman and Bell (2007) emphasising that detailed exploration of phenomena is the purpose of qualitative study. Similarly, Kent and Flint (1997) suggest a need for more qualitative research in the supply chain discipline and this is reiterated by other scholars, for example, Daugherty (2011); Ellram (1996); Hill *et al.* (1999); Mangan *et al.* (2004); Marasco (2008); Naslund

(2002) and Stock (2002). It should be noted that qualitative analysis gives a deeper, more meaningful understanding of the theory being tested, whereas quantitative analysis is more based on frequency and information which is easy to analyse through statistics. However, the majority of articles published in many logistics and SCM journals continue to use positivist or quantitative research approaches (Miyazaki *et al.*, 1999; Kotzab, 2005).

Mentzer and Kahn (1995) argue that logistics subjects are mostly found in a positivist paradigm (quantitative) and propose the future researcher should follow this scientific method in order to provide explanation and causality regarding phenomena of interest. It should be argued, here, that this is not good for the researcher who wishes to have a deeper understanding of the phenomena as a positivist paradigm does not explore the phenomena in detail but simply accepts what respondents indicate in the questionnaire which could be biased, especially when the respondent does not really have time and does not want to answer the questionnaire. With qualitative research, it is different as it involves meeting, communicating with and observing the respondent, and from there, rich descriptions and more data can be achieved. Moreover, it is emphasised by New and Payne (1995; p.61) that positivist research is high 'rigour' but very low on connecting the problem to the research phenomena.

To conclude as time flies and the academic world changes, research needs to be viewed from different angles, thus the interpretation of the study should be carried out in a detailed manner and provide a clear explanation of every research phenomenon, especially with regard to the partnership issue which is important; therefore, the adoption of a qualitative methodology is justifiable parallel with the researcher's philosophical stance. In the decade from 2000 various qualitative methodologies have proven to be useful tools for research in management and business subjects (Gummerson, 2000) and this approach should be used more to investigate logistics and SCM issues (Grant *et al.*, 2010) as a means to have a clear understanding on the issue being studied. This supports Meriam's (1992) argument that say when the research objective is to identify a phenomenon or unique analysis of events, a qualitative approach is the correct choice.



In the current research this influences the adoption of a qualitative case study in order to understand logistics partnerships in the automotive industry distribution channel, which analyses the relationship between a CM and TPLP. Furthermore, this research will provide new insights using qualitative findings as past research on supply chain relationships using surveys and most importantly, this research will detail and clarify what has not been clearly reported in the past (see Daugherty *et al.*, 1996; Daugherty *et al.*, 2009; Evangelista and Sweeney, 2006; Fernie *et al.*, 2000; Kun Cho *et al.*, 2008; Lai *et al.*, 2008; Morris and Carter, 2005; Power *et al.*, 2007; Sanders, 2005; Tian *et al.*, 2008; Vlachos *et al.*, 2008). Matopoulos *et al.* (2007) highlight that by adopting a qualitative methodology in studying relationships it can achieve the aim of theoretical replication. All the above points regarding a preference for a qualitative approach in studying the issue of relationships or partnerships justify the researcher's decision to take the qualitative route.

With regards to the case study strategy adopted in this research, it is a good choice as the researcher could go in deep in order to understand logistics partnership between CM and TPLP in the Malaysian automotive industry. As Denzin and Lincoln (2005, p.443) stress "*case study is not a methodological choice but a choice of what is to be studied*" and it is significant to note that the case study chosen in this research is based on the research gap and research problem discussed earlier in Chapter One and Two. The case study used is normally not systematically sampled and it is not possible to generalise findings to a wider population of companies; however the most significant point to highlight here is that it is able to understand the certain phenomena with clear understanding. Merriam (1992) supports the argument when she states that the number of samples in a qualitative study is not an issue since the number shows the potential of each person to contribute to the development of insight into accepting the phenomenon.

Therefore, a small sample is acceptable in qualitative research because a statistical outcome is not a goal of qualitative research. Hence, these points justify the small number of cases used in this research. Before moving further to explain the case study strategy in this research, it is important look at the different features between quantitative and qualitative study as provided in Table 4.3, below. The rationale for providing this table in the thesis is to show the different features between quantitative and qualitative research which has been explained above. The main difference between

the two types of methodology is on the issue of number and text used in explanation of the research report.

**Table 4.3:** The Different Features between Quantitative and Qualitative Data

Quantitative Data	Qualitative Data
<ul style="list-style-type: none"> <li>• based on meanings derived from numbers</li> <li>• collections results in numerical and standardised data</li> <li>• analysis conducted through the use of diagrams and statistics</li> </ul>	<ul style="list-style-type: none"> <li>• based on meanings expressed through words</li> <li>• collection results in non-standardised data requiring classification into categories</li> <li>• analysis conducted through the use of conceptualisation</li> </ul>

Source: Saunders *et al.* (2009), p. 480

### 4.3 Research Strategy: Case Study

This research adopts a case study strategy for the study. Eisenhardt (1989, p.534) stresses that “*the case study is a research strategy which focuses on understanding the dynamics present within a single setting*”. It has been proven from past research that case study can be used in both qualitative and quantitative research (Yin, 2009; Yin, 1994; Eisenhardt, 1989; Ellram, 1998). Case studies are often recommended for exploratory and theory building research (Eisenhardt, 1989; Handfield and Melnyk, 1998; Yin, 2009). Yin (2009, p.18) explains a “*case study is an empirical inquiry that investigates a contemporary phenomena in-depth and within its real life context, especially when the boundaries between the phenomena and the context are not clearly evident*”. Therefore, the use of case study strategy in understanding the CM-TPLP relationship in the Malaysian automotive context is justified.

Building theory from case studies involves one or more cases to develop and enhance theoretical constructs with a development of propositions and/or theory for empirical evidence and validation (Eisenhardt and Graebner, 2007; Miles and Huberman, 1994). It is recognised that having more than two cases could strengthen the findings even further. Yin (1994, p.6) claims that the case study is actually suitable when the research questions start with what, why and how as opposed to the survey strategy research questions, such as who, what, where, how many and how much. In addition (Yin 1994, p.8) concludes that the case study as a research strategy is preferred when we are examining contemporary or unique events. This is similar to that proposed by

Eisenhardt (1989, p.534) *“the case study is a research strategy which focuses on understanding the dynamics present within single settings”*.

Regarding the number of cases in a case study, there is also an overlapping argument whether to use single or multiple cases. This actually relates with what generalisations can be drawn from case studies. Both Eisenhardt (1989, p.534) and Yin (1994) suggest that one or many cases can be included in a case study. Yin (1994) and Irani *et al.* (2008), for example, claim that there is nothing wrong in using one case in case study research because *“one can often generalise on the basis of a single case”* (Flyvbjerg, 2006, p.228). Other researchers, such as Ellram (1996, p.100), claim that a single case is used to *“test a well formulated theory, an extreme or ‘unique case’, or a case which represents a previously inaccessible phenomenon”*.

However, in this research, the researcher believes it is good to have multiple cases in order to gain rich data about the CM-TPLP relationship for theory building and replication purposes (Eisenhardt, 1989; Miles and Huberman, 1994 and Yin, 2009). Ellram (1996; p.102) indicates that multiple case studies *“represent replication that allow for development of a rich theoretical framework”*. Therefore, the researcher uses seven case studies in order to gain a deep understanding about the relationship between CMs and TPLPs in Malaysia. More details of these case studies are provided in the next section.

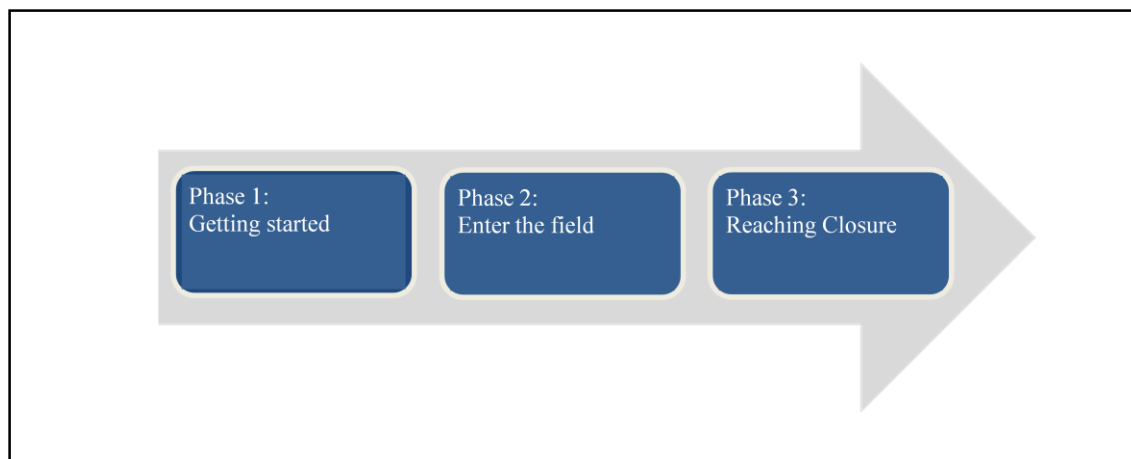
However, it is significant to note that in order to perform a qualitative case study research it should be guided by case study protocol as suggested by past researchers (Eisenhardt, 1989; Rowley, 2002; Yin, 1994). This protocol needs to include an overview of the project, field procedures and case study questions (Rowley, 2002). The next section will discuss this in detail.

#### **4.3.1 Case Study Protocol**

Case study protocol is a set of guidelines for performing research which aim to summarise the constructs of the conceptual model (Eisenhardt, 1989). It has been identified as a key approach of increasing the reliability of case study research and is intended to guide the researcher in carrying out data collection. Ellram (1996), in a

similar argument, explains that description of the data collection in a thorough protocol will increase the reliability of the research project. For the purpose of this research, a well-established methodological guideline is adopted, as suggested by Eisenhardt (1989), Flynn *et al.* (1994), Meredith (1993), Voss (2003), and Yin (1994) in order to increase validity of the research findings. According to Eisenhardt (1989), case study protocol is divided into three phases as can be seen in Figure 4.1 (for details, see Appendix B). The researcher follows these three steps in conducting this research. The first phase is known as getting started where, at this phase, it includes the process of selecting the case and crafting an instrument protocol. In phase two, known as entering the field, data collection, analysis of the data and shaping the propositions is completed. In phase three, which Eisenhardt (1989) named as reaching closure phase, it represents enfolding the literature. In other words, at this stage, the researcher makes comparison with conflicting literature and comparisons with similar literature. Also, at this phase, theoretical saturation will be reached when the researcher discovers that every respondent says the same thing and, at this stage, closure of the case study research is reached. This is further explained below.

**Figure 4.1:** Three Phase in Case Study Protocol Used in this Research



Source: Eisenhardt (1989)

**Phase 1- Getting Started: Selection of cases and development of instrument and protocol.**

Phase one, known as ‘getting started’, is where the selection of cases and the crafting of instrument and protocol are developed. This will include sampling and the development of the interview questions. Sampling techniques provide diverse methods that permit

the researcher to reduce the data collected by analysing data from a sub-group only, rather than all elements (Saunders *et al.*, 2009). According to Silverman (2005; p.23), “*decisions about the selection of the sample were not pre-set, but have been conceptually driven by the theoretical framework underpinning the research from the start*”. In this research, the cases are selected based on a purposive and snowball sampling technique. A purposive sampling technique enables the researcher to select cases that will best enable researchers to answer the research questions and research objectives. This type of sample is frequently used when working with small samples such as in case study research and when the researcher wishes to select cases that are particularly informative (Neuman, 2005; Saunders *et al.*, 2009).

The automotive industry in Malaysia is selected in this research as there is a dearth from past research in examining the logistics partnerships between CM and TPLP in the automotive industry. In addition, the automotive industry in Malaysia is considered as one of the most important and strategic industries in the manufacturing sector. Furthermore, it is known as one of the largest automotive industries among other countries in Southeast Asia (Yasin, 2009). According to the MAA reports in 2010 and 2011, the total volume of the automotive industry increased from year to year (see Table 2.9, Chapter Two). For the purpose of this research, information about the players in the automotive industry is gathered from the Malaysian Ministry of International Trade and Industry (MITI 2010) and Malaysian Automotive Association (MAA), 2010 report. It is noteworthy to highlight that the selection of these players (CM) is because they control the Malaysian market in terms of the number of car sales. As mentioned earlier in Chapter Two, the number of CM is not big; there are about twelve companies (see Table 2.7). Moreover, the population of the TPLPs in the automotive industry is also not large, being less than twenty. The selection of the TPLP in this research is based on the CM selected in this research since each CM has their own key TPLP that performs their transportation activity. Therefore, the seven TPLPs chosen in this research are the key TPLPs for the CMs selected in this research. The seven CMs and seven TPLPs studied in this research makes the development of the seven case studies in this research since one dyadic relationship between one CM and one TPLP is referred to as one case.

The seven cases involved in this research are more than sufficient and could be represent the whole industry. As has been argued above, there is no perfect number of

case studies, but a greater number of cases will provide more description and understanding of the CM/TPLP relationship and allow the researcher to provide clear and rich description about logistics partnership success in this respect in Malaysia (Flyvbjerg, 2006). On the other hand, the selection of TPLP in this research is based on their preferable or key TPLP in CM organisations, known as a snowball sampling technique. The snowball sampling technique is mostly used when there is difficulty in identifying members of the desired population, for instance, people who are working in the automotive industry while at the same time involved with a TPLP. For this research, phone calls were made to each selected CM enquiring about the suitable person who has knowledge and jurisdiction over the CM-TPLP relationship. The person in charge was then asked about non-confidential information regarding their TPLP. Subsequently, the researcher communicated with the person in charge from the TPLP side for details.

It should be emphasised that this research adopts multiple case studies as it recognises that the external validity of this research will be increased because comparative results could be analysed through ‘within-case’ analysis and a ‘cross-case’ analysis, thereby utilising replication logic (Miles and Huberman, 1994; Yin, 2003). The unit of analysis in this research is the dyadic relationship between CM and TPLP. In this research, the researcher aims to obtain a number of cases that are generally considered sufficient in a multiple case setting. As suggested by Eisenhardt (1989), the number of cases suitable for a case study is between 4 and 10 cases. It differs with that suggested by Irani *et al.* (2008) and Yin (2009) who impart that using one case study is acceptable as the aim of the case study is to gain insight into the phenomena. In this research, the researcher analyses seven cases which represent seven dyadic CM-TPLP relationships consisting of fourteen organisations; seven from the car manufacturer side, and another seven from TPLP side to gain deep insight for theory building purposes. The unit of analysis in this research is the dyad relationship between CM and TPLP, therefore, in this research one dyadic relationship refers to one case. Hence, the seven case studies involved in this research produce seven dyadic relationships which are analysed as seven units (discussed further in Chapter Five and Six). It is noteworthy to specify that this research commences with the development of a list of factors to be further explored in the empirical field through extensive literature in Chapters Two and Three (see Table 2.3; Table 2.5; Table 2.6; Table 2.7 and Figure 3.2). All the factors are illustrated in a conceptual model (Figure 3.3) and highlighted in the research propositions (Table 3.1).

However, it should be emphasised, here, that the purpose of the propositions developed in this research are not to test but to guide the researcher to collect the data beyond the area of research in order to gain deeper insight into the research context and answer the research questions (Irani *et al.*, 2008; Yin, 1994; Yin, 2009). The earlier proposition, developed in Chapter Three will also be revised in the discussion chapter (see Chapter Six) as a result of defining the affect from the findings from the empirical field. Also, with the development of the proposition and conceptual model developed from background theory, it is recognised to help the researcher in the analysis process especially at the stage of the coding process (Miles and Huberman, 1994; Perry, 1998 and Zhang and Wildemuth, 2006).

It is significant to state that, at this stage, the researcher validated the conceptual model she developed by discussing its suitability for the Malaysian environment with two experts in logistics in January 2010, in telephone conversations. One of these experts was employed in logistics in the automotive industry in Malaysia, and the other was an academician in logistics. These telephone interviews were undertaken done to confirm that both operational and relational factors are significant for the success of logistics partnerships between CM and TPLP in the Malaysian automotive industry. This is important as it helps the researcher with conceptual clarification (Yin, 2009). Thus, the two main factors forming the hard core (operational) and soft core (relational) are been focused upon as these two factors are the most important factors affecting the success of the logistics partnership between the CM and TPLP as has been justified in Chapter Two (see Table 2.7)

One interesting point highlight, here, is that, from the review of literature the researcher found the opportunity to also look at the issue of culture in this inter-firm relationship, however the researcher has eliminated this factor from being included in the investigation. The decision was taken to exclude cultural factors on the grounds that the concept of culture is complex. Moreover, the researcher believes that in the B2B context, the inter-organisational relationship is characterised with formal activity (Mudambi *et al.*, 1997). This issue will be the limitation of this research. However, as far as the researcher best knowledge, this issue might be appears in the analysis from the interviewee, therefore, the researcher been aware about this and put it in a conceptual

model known as ‘other factor’ (see Figure 3.3). This is discussed further at the end of the thesis in chapter seven.

At this first phase of case study protocol, the interview questions are also developed. The development of the interview questions is based on the review of the literature and also the proposed conceptual model developed in Chapters Two and Three, as discussed earlier. The development of the interview questions, have been revised twice. Initially, interview questions were developed. The questions were developed based on the review of the main literature, for example, see Bardi and Tracey (1991); Bhatnagar *et al.* (1999); Daugherty *et al.* (2009); El-Ansary and Stern (1972); Grant *et al.* (2006); Kun Cho *et al.* (2008); Simatupang and Sridharan (2008); Terpend *et al.* (2008); Wilkinson (1975) (for more details see Table 2.3; Table 2.5; Table 2.6; Table 2.7). As the investigation is from both perspectives; the CM and the TPLP, two sets of interview questions were developed and known as ‘Open Guide Interview’. For details of the first phase of interview questions see Appendix C.

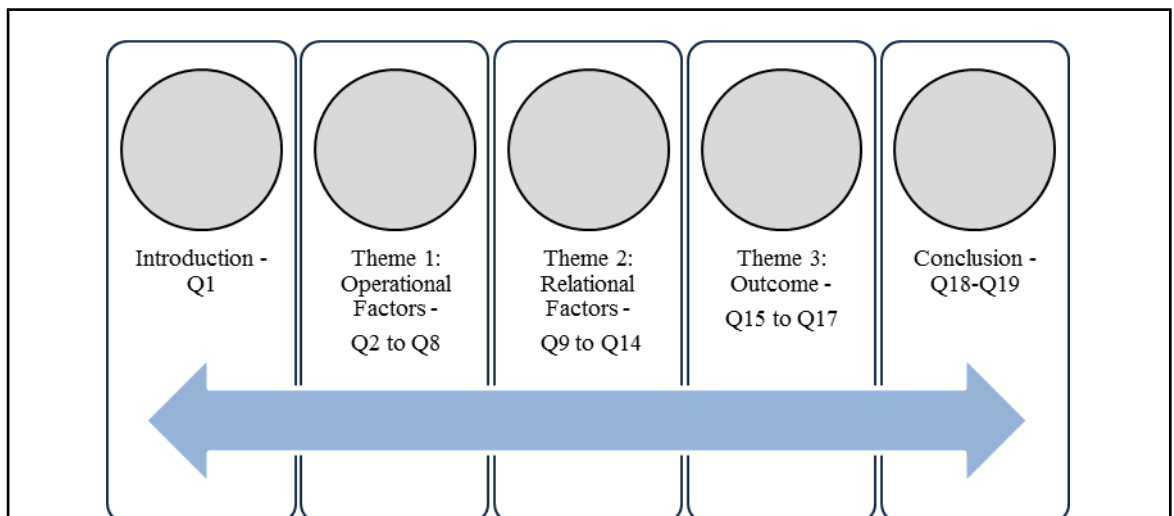
After developing a set of Phase One interview questions, before going for the main data collection, the questions were revised with experts in the field including academicians within the supply chain area in Malaysia and UK, and also a review from a consultant in the automotive industry. This process included a discussion with the researcher’s first and second supervisors. Interview questions were reviewed by three faculty members. Again, the researcher uses expert opinion for open guide interview before data collection to make sure the questions asked later are relevant and easy to understand. This is vital as it helps the researcher to develop relevant lines of questioning that are easily understood within the context of the study (Yin, 2009) based on key themes and the early questions developed by the researcher. Expert opinions were gained from both the industrial and academic sector in Malaysia and also in the United Kingdom. For this purpose, the researcher mailed the questions to one consultant from the automotive industry and one academician in logistics and transportation in Malaysia on 6th December 2010 and followed up with a phone call with them a week later.

As a result of discussions with the faculty members and also the expert opinion within the industry and academicians in Malaysia, the questions were modified, some were deleted and repetitions of questions were deleted for ease of understanding, reducing



from 34 to 19 questions with segregation into three main themes and two different sections for introduction and closing. This is significant to suit the interview length approximately 60 minutes. Also, a pilot case was undertaken with two interviewees, one each from a CM and a TPLP, one week before the main data collection. This exercise was not conducted as a pre-test but rather as a formative activity to ensure that the questions were acceptable and readily understood (Yin, 2009). The outcome of this exercise was not analysed since the researcher established that the interviewees could understand and answer the questions. Prior to this, as mentioned earlier, the proposed conceptual model (in Chapter Three, see Figure 3.2) was confirmed by the academics and consultant, as valid for the automotive industry, and thus capable of affecting the success of the logistics relationships. The revised interview questions for the empirical work are documented in Appendix D. Figure 4.2 describes the segregation of the sections and interview questions in the revised interview protocol.

**Figure 4.2:** Main Theme Explored and its Sequence in the Main Interview Questions Used for Empirical Study



Source: Developed by the researcher for the purpose of this research

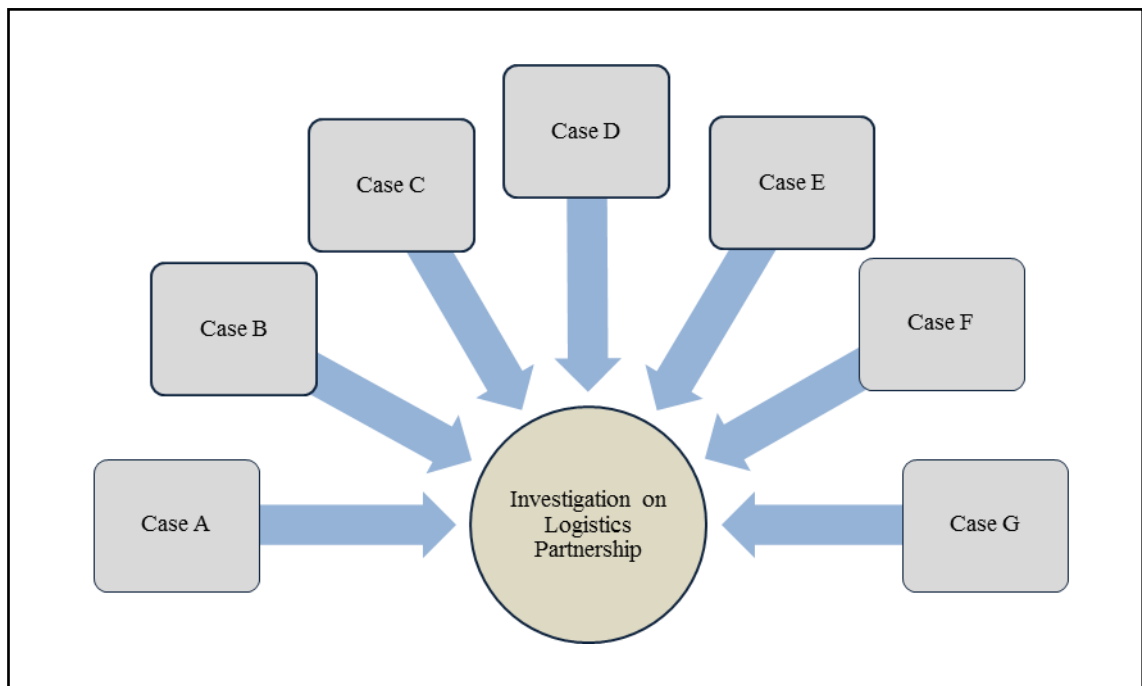
Figure 4.2 explains the segregation of the interview questions in the open guide interview for main empirical work. It shows that Question 1 is a warm up question asking the respondent about their background and their view on the relationship with their partner. Questions 2-8 represent the operational factors dimension; Questions 9-14 represent relational factors; Question 15-17 refer to the outcome dimension and Question 18-19 represent the conclusion which is based more towards any other issues and ideas that the respondent or interviewee may wish to share. The next section will

discuss about second phase of the case study protocol which is data collection and data analysis process.

## Phase 2: Data Collection and Data Analysis

Phase 2 refers to entering the field, analysing the data and shaping the propositions. This stage starts with the primary data collection through interview. Interview is a purposeful conversation between two or more people (Kahn and Cannell, 1957) where the interviewer directs the interview and the interviewee, known as the respondent, responds to the questions of the research (Easterby Smith *et al.*, 2008; Robson, 2002). Interviews help the researcher to obtain valid and reliable data that are pertinent and relevant to the research questions and research objectives. The primary data collection method in this research is semi-structured interview conducted with 14 organisations (seven from car manufacturers and another seven from a third party logistics provider) along with observation and document review. These 14 organisations represent seven case studies, as seen in Figure 4.3, below. In order to keep the company names confidential, the cases in this research are known as case study A, B, C, D, E, F and G. These seven cases are investigated in analysing logistics partnerships between a CM and TPLP.

**Figure 4.3:** Seven Cases in this Research



Source: Developed by the researcher for the purpose of this research

It should be noted, here, that previous research shows added value is derived from interviewing more than one person or multiple respondents in one firm (Goffin *et al.*, 2006; Krause, 1999) as it could provide more insight or information into the phenomena. Having this argument in hand, the researcher tries to obtain interviews with two respondents from each organisation. However, for some acceptable reasons, some of the cases could only secure one each interviewee from each organisations. Below, Table 4.4 shows the list of the cases and number of respondents (interviewee) in each case.

**Table 4.4:** List of Interviewees in Each Case

	<b>Car Manufacturer</b>	<b>Number of Respondent</b>	<b>Third Party Logistics Provider (TPLP)</b>	<b>Number of Respondent</b>
<b>Case A</b>	Manufacturer A	2	TPLP A	2
<b>Case B</b>	Manufacturer B	2	TPLP B	1
<b>Case C</b>	Manufacturer C	1	TPLP C	1
<b>Case D</b>	Manufacturer D	2	TPLP D	1
<b>Case E</b>	Manufacturer E	1	TPLP E	2
<b>Case F</b>	Manufacturer F	2	TPLP F	2
<b>Case G</b>	Manufacturer G	2	TLPP G	1

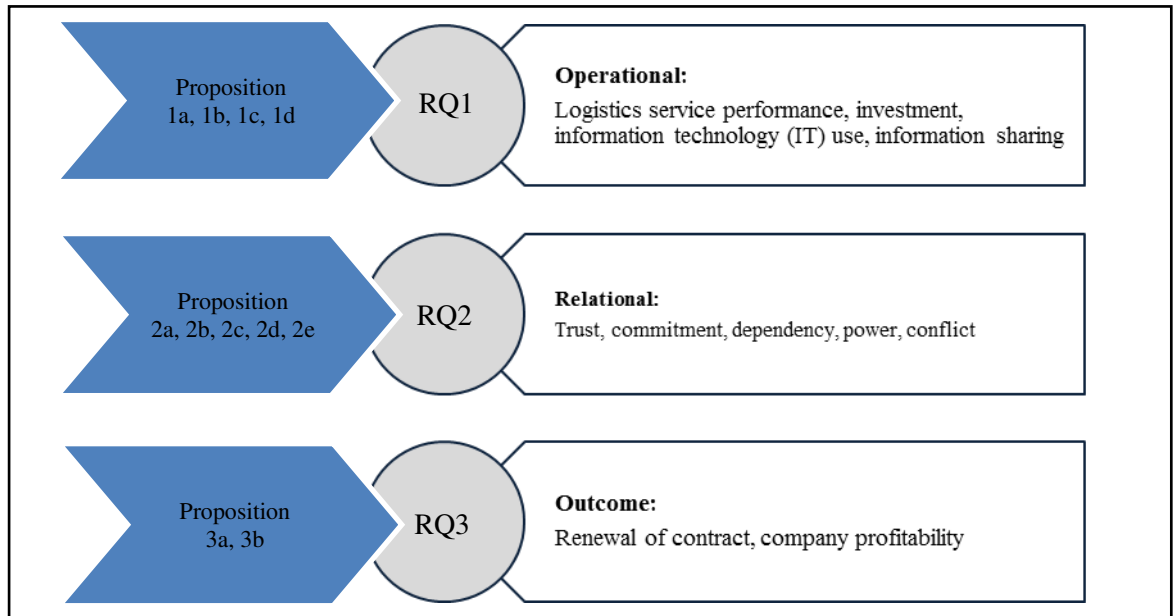
Source: Developed by the researcher for the purpose of this research

In performing semi-structured interviews, it is recognised that the interviewer should normally have a framework of themes to be explored (Miles and Huberman, 1994; Bryman and Bell, 2007) which are developed at the first phase of case study protocol as discussed above. This assertion is supported by Lindlof and Taylor (2002, p.195), who explain it is generally beneficial for interviewers to have an interview guide prepared, which is an informal “*grouping of topic and questions that the interviewer can ask in different ways for different participants*”. This justifies the use of propositions in this research as a means of allowing the researcher to collect data beyond the research area. The detail of propositions/coding and theme used in this research can be seen below in Figure 4.4.

Figure 4.4 explains the link between the propositions developed in Chapter Three and illustrated in conceptual model (Figure 3.3), and the interviews questions developed in order to answer the three research questions concerning logistics partnership success in the context of CMs and TPLPs. The three main factors under investigation have been discussed earlier in Chapters Two and Three. Additionally, it is important to have this

group of themes as suggested by Miles and Huberman (1994), who argue that the researcher should have a list of themes to be further explored.

**Figure 4.4:** Details of Propositions Explored in Semi Structured Interviews



Source: Developed by the researcher for the purpose of this research.

As discussed above, interview guides help the researcher to focus on the interview and the topics at hand without needing to keep to a specific format. This freedom benefits interviewers to modify their questions to the interview context/situation, and to people they are interviewing (Lindlof and Taylor, 2002). The rationale of adopting semi-structured interviews in this research is because it is a flexible way to obtain rich information and insights into the phenomenon and also allows new questions to be brought up during the interview as a result of what the interviewee says. It should be noted, here, that the interview questions asked during the interview session sometimes do not follow the sequence as it is based on the interview responses and follows the flow, dependent upon the interviewee's answers and the flow of the conversation between interviewer and interviewee (Saunders *et al.*, 2009).

During the interview session, the researcher also made note from observation of body language and the way the interviewee answers, including the intonation in the voice of the interviewee. The reason for doing this was simply that from the tone of the voice the researcher could detect emphasis and pick out factors that the interviewee believed were

important in logistics service performance (LSP). Observation of the environment during the interview is also made and it is significant to highlight that observation is made to see how they work with their partner. For instance, during observation, the researcher takes note of any important message especially towards their behaviour in their relationship with the partner (for example taking notes when observing the TPLP taking a phone call from their partner, the CM, during the interview, which shows that the TPLP was actually very committed to the relationship with its partner.

In addition, the researcher was allowed by the interviewee visit the loading area where some photographs were taken by the researcher. Some photographs were also taken in order to ensure what has been said is really being done in the field; for example, observing the car carrier during car loading. In this respect, the researcher took a photograph to confirm that a driver was not wearing any jewellery when loading or unloading cars, as it is company policy not to wear jewellery to ensure that there is no possibility of it causing scratches to the cars. Such action on the part of the researcher was done to corroborate the data, to confirm what has been said by the interviewee is right. Thus, this observation was made to ensure the credibility of the findings (Lincoln and Guba, 1985). This is vital in order to guarantee the quality of the qualitative research which is further explained in the next section 4.5. However, having confidentiality in mind, not all the photographs are exposed in this thesis, they will simply will be kept for the analysis process. During the interview, some documents were shown by the interviewee as part of their explanations and the same strategy applies here, the documents could not been revealed as they are the company's confidential report.

In this research, the interview was completed in English as people involved in the business sector in Malaysia are recognised to be proficient in the English language (Lim, 2001). All interviewees in this research agreed to be voice recorded. It is essential to mention that during the interview process, the researcher acted as a neutral medium through which questions and answers were be transmitted in order to avoid or reduce data bias (Irani *et al.*, 2002). Shaughnessy and Zechmeister (1994) claim that interviewer bias often results from the use of probes and follow up questions should be used to clarify and elaborate on unclear or incomplete answers. Hence, this factor is considered to carefully increase the reliability of data generated (Irani *et al.*, 2002).

Additionally, in trying to clarify the respondent's answers, the interviewer should be careful not to introduce any new areas of investigations, being alert to the feedback from respondents; the interviewer should also avoid giving overt signals, such as smiling and nodding (Irani *et al.*, 2002).

An interview was conducted from the perspectives of both the CM and TPLP. Each interview took approximately 60 minutes and was conducted on a one-to-one basis. Before the interview, the researcher (interviewer) carefully ensured that the interviewees were fully informed regarding the purpose of interviews and took steps to put the interviewees at ease so that a two way, open communication climate existed. Also, permission to record was sought. If permission for recording was denied, notes were taken and transcribed. The interviewee was also followed up for clarification via e-mail or phone of any unclear data from the data collection. Also, at the end of the interview session, other sources of information were requested to vary the information such as secondary data for example (assessment forms for third party logistics providers, minutes of meetings, copies of contracts, budget reports, annual reports and others). However, as explained earlier, the interviewee declined as some of the documents are quite confidential.

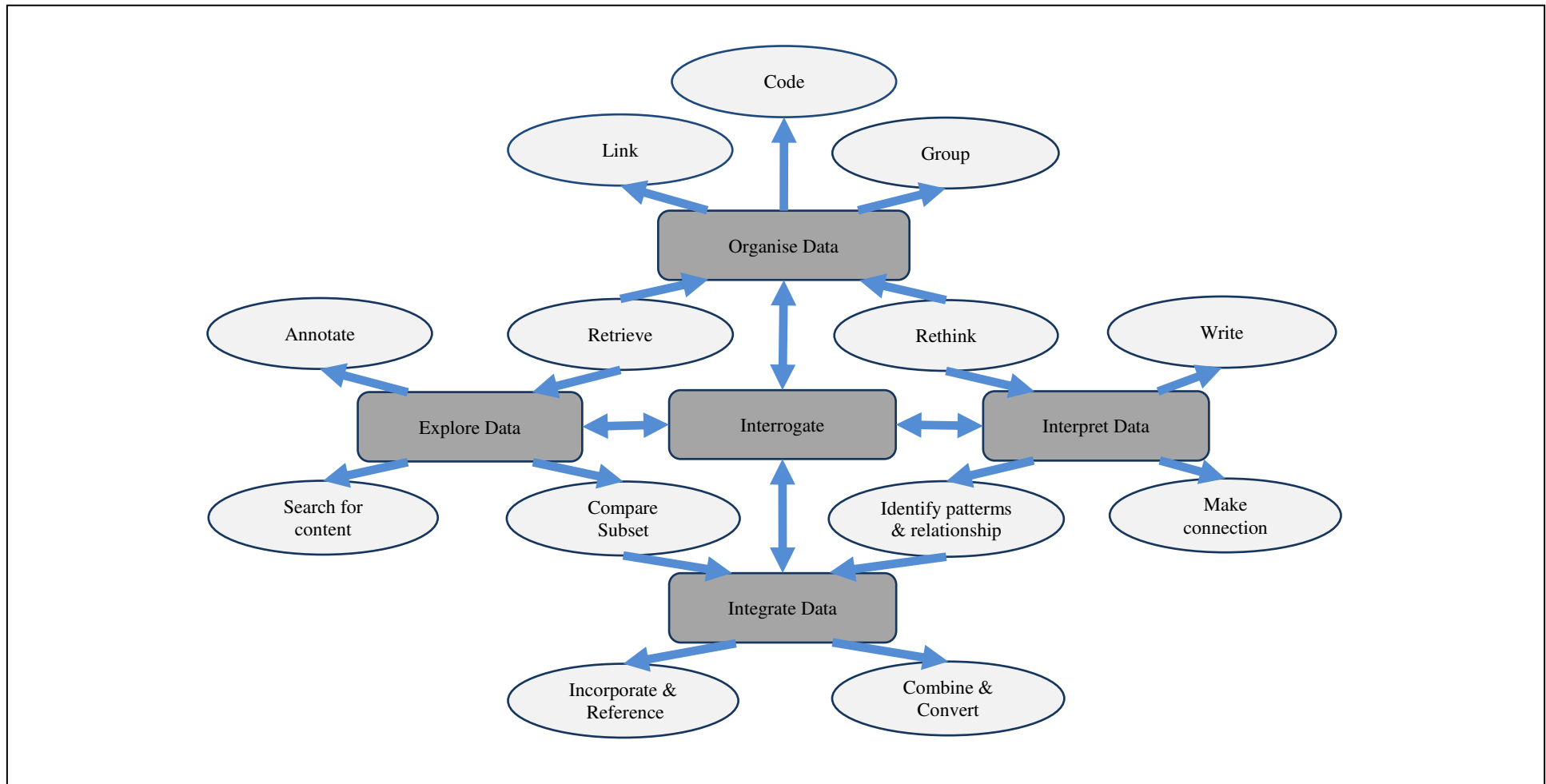
In this second phase of case study protocol, it also involves the process of data analysis. After the interview, the researcher first transcribes the recorded interview. All the data is reviewed and read several times. This is referred to as the data reduction process where the analysis sorts, organises and focuses on the data, where the final conclusion could be drawn and verified (Miles and Huberman, 1994). A computer software tool called CAQDAS (Computer Assisted Qualitative Data Analysis Software) helped as a storage function in analysing the qualitative data. It is good for the researcher to use this tool as in 21<sup>st</sup> century, there is a need for the researcher to use this as it will help the research to organise work with systematically parallel with the development of IT system.

In this research, the researcher used NVivo9 software to help analysis, starting with the data reduction process and interpreting the findings. NVivo9 software is one of the software packages in CAQDAS and it is chosen in this research based on the appropriateness to this research as other software such as Atlas.ti is mostly used for

grounded theory study such as ethnography while MAXqda is suitable to use for both quantitative and qualitative data analysis (Lewins and Silver, 2007). NVivo9 software supports analysis of qualitative data through helping the researcher to manage data, manage ideas, query data and also report the data in a more systematic way as it works like a project management tool (Bazeley, 2002; Lewins and Silver, 2007). Moreover, the use of a computer software helps to ensure rigour in the analysis process (Bazeley, 2002) whereby mistakes from the researcher can be avoided as all interview data are stored in one place. It should be noted that the use of NVivo9 is advantageous and suitable in this research because it is able to handle the creative messiness of the process which allows the researcher to merge, delete or rename the nodes as the analysis progresses. When nodes are merged or renamed, data that are coded are automatically updated without having to re-code texts and all the nodes in the new codebook are stored electronically (Easterby-Smith *et al.*, 2008). Moreover, the researcher could easily ask NVivo9 to see, for example, what is the most popular code or theme in the interview, or comparison between two codes could be made through the matrix coding task. For this research, in using NVivo9 software, the researcher was keen to follow the model proposed by Lewins and Silver (2007) to help analyse the data (see Figure 4.5).

According to Lewins and Silver (2007), there are four main steps in the interrogation of qualitative data, namely, integrating, organising, exploring and interpreting. As can be seen in Figure 4.5, the four main tasks that the researcher should undertake before interrogating data include: organisation of the data, integration of the data, exploration of the data, and interpretation of the data. Each of these processes consists of other activities, as illustrated below, which include coding, writing and many more. It should be noted that the whole process is a linear one, in which the researcher should go back and forth. This part of analysis will be further discussed in Section 4.6

**Figure 4.5:** Qualitative Task Enabled by NVivo 9



Source: Adapted from Lewins and Silver (2007) *Using Software in Qualitative Research: A Step-by-Step Guide*, Sage Publications, London.



It is significant to note that in analysing qualitative data, triangulation is an important process which cross validates the findings from the interviews with the documents. Triangulation broadly signifies the use of multiple approaches to “zero in on” on the answers to a research question (Singleton and Straits, 1999). Triangulation allows the researcher to address a broader historical, attitudinal and behavioural range of issue (Yin, 1994). In this research, triangulation is being made with the combination of the interviews, documents, observations and photographs and it is significant to address the internal validity through cross validation. This will be further explained in Section 4.5.

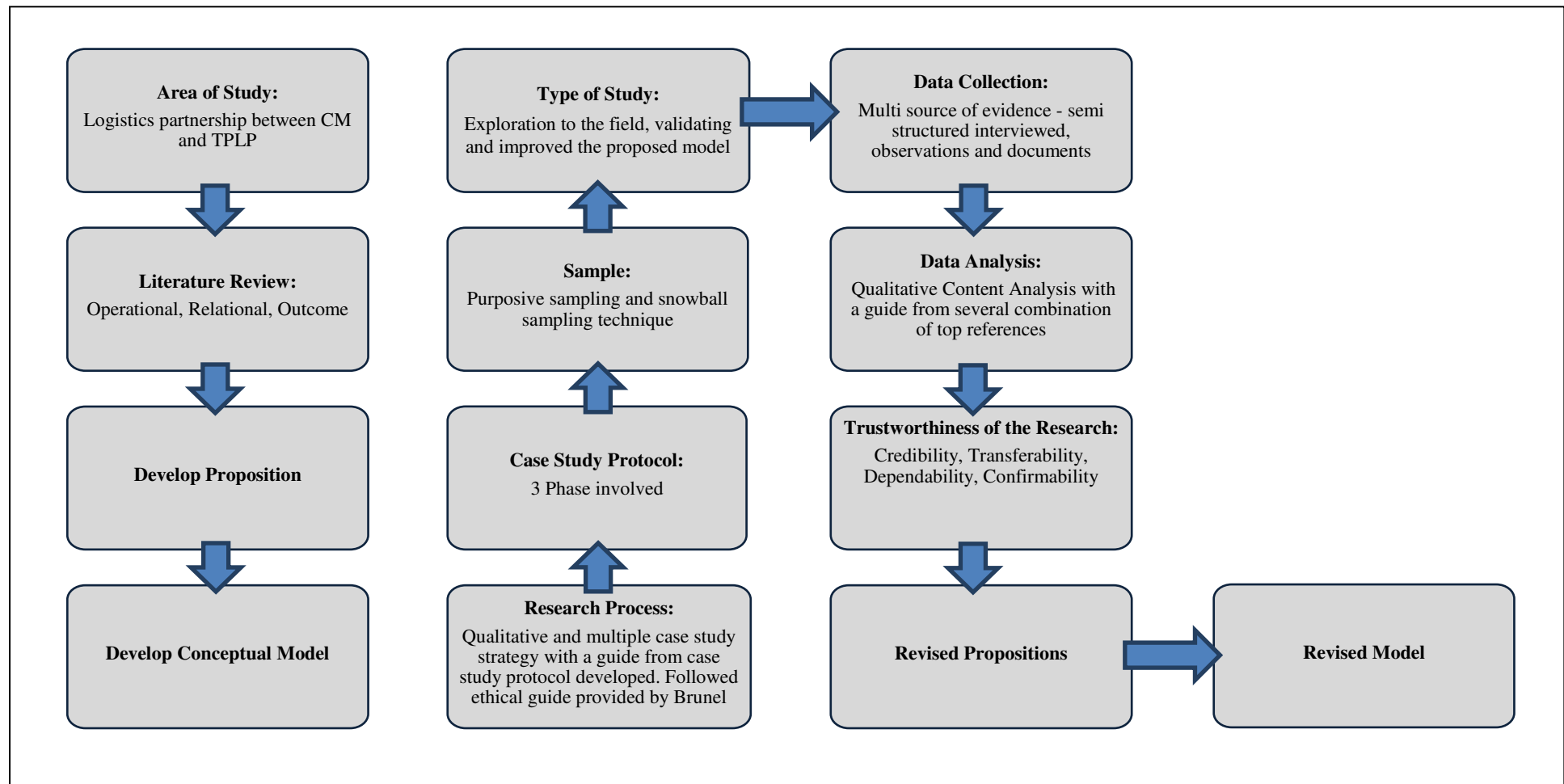
### **Phase Three – Reaching Closure**

Phase Three of the case study protocol will discuss the enfolding literature where the comparison with conflicting literature and similar literature will be made: in other words, bringing the results and findings to closure. In this research, theoretical saturation is achieved when the researcher finds that the interviewees are saying the same things about a theme (Miles and Huberman, 1994). It is aligned with that proposed by Eisenhardt and Graebner (2007), whereby theory building is developed from case studies when replication logic is achieved from each analytic unit. In this phase, the model proposed earlier, in Chapter Three (see Figure 3.3) is improved and revised based on the findings from the seven cases.

### **4.4 Research Design**

It could be concluded that the researcher designed this research with critical flows; taking into consideration the issue of rigour and trustworthiness in this research as it is emphasised that rigour is significant to both qualitative and quantitative study; it is important to note every process involved in performing this research. The flow of the research design taken in this research is illustrated in Figure 4.6.

**Figure 4.6:** Research Design in this Research in Analysing Logistics Partnership Success between a CM and TPLP



Source: Developed by the researcher for the purpose of this research

The research design is discussed throughout this chapter. The above has discussed this research design process until data collection. The next subsection will discuss, further, data analysis with the focus on qualitative content analysis and illustrates how the revised propositions and revised model are developed. Additionally, issue of verification, validation and triangulation in data analysis is discussed.

#### **4.5 Verification, Validation and Triangulation**

As an interpretive researcher, it should be highlighted, here, that there is a difference between determining the effect of the findings from qualitative research with the positivist research paradigm which mostly uses structural equation modelling (SEM). Even in evaluating the quality of the research, the criteria is different and a positivist paradigm uses validity, reliability and objectivity to value the quality of research. According to Bradley (1993) these three conventional criteria are not suitable for the interpretive paradigm that uses qualitative content analysis as the method of analysis as they are different in basic assumptions, research purpose and conclusion process. In order to ensure rigour and to validate and verify this current research, the researcher deals with the issue of trustworthiness by following the rules developed by Lincoln and Guba (1985) and also followed by other qualitative researchers (Zhang and Wildemuth, 2006). It is significant to highlight that in evaluating interpretive research work, the researcher must make sure that they have these four criteria, namely, credibility, transferability, dependability and confirmability (Lincoln and Guba, 1985). Each of these four criteria has a different description and points to ensure the certainty of the research. According to Bradley (1993, p.436), credibility refers to “*adequate representation of the constructions of the social world under study*”. In other words, it actually ensures the accuracy of the research. For example, in this research, triangulation, checking interpretation against fresh data, peer debriefing and member checking is completed. This process is recognised to enhance the credibility of the research (Lincoln and Guba, 1985).

In this research, triangulation has been completed in order to ensure the sources of data during data collection which consist of semi structured interviews, documents from participants, observation and photographs taken during observation to ensure or confirm that the data are truthful (Saunders *et al.*, 2009). Triangulation “*entails using more than*

*one method or source of data in the study of social phenomena*” (Bryman and Bell, 2003, p.291). It is significant to ensure that what the interviewee says is the same as what is observed and what is stated in the document. Yin (2009, p.103), agrees that *“documents play an explicit role in any data collection in doing case studies”*. In addition, peer debriefing is used in this research *“to confirm interpretations and coding decisions including the development of the categories”* (Foster, 2004, p.231). What is more, as discussed above, the process of coding and drawing conclusions from raw data involves back and forth process (Lewins and Silver, 2007; Miles and Huberman, 1994).

The second criterion of trustworthiness is transferability. It refers to the extent to which the findings of the research project are transferrable and can be uphold a general claim about the world. In other words, it is concerned with how this research could be applied in another context which may include some modification of the model. It actually demonstrates external validity of research which actually highlights the responsibility of the researcher to provide rich data and findings so that another researcher could make a judgment concerning findings transferability to a different setting or context (Bradley, 1993; Lincoln and Guba, 1985; Zhang and Wildemuth, 2006). The third criterion is dependability. According to Bradley (1993, p.437) dependability can be referred to as *“the coherence of the internal process and the way the researcher accounts for changing conditions in the phenomenon”*. It is actually a conventional term of reliability in the positivist approach where it is concerned with the stability of the data over time. It is regarded as a precondition for validity. This criterion could be determined by checking the consistency of the research process. The last criterion is known as confirmability. It refers to *“the extent to which the characteristics of the data, as posited by the researcher, can be confirmed by others who read or reviews the research results”* (Bradley 1993, p.437). It actually refers to the nature of the data. Zhang and Wildemuth (2006) suggest that comfirmability can be determined through ensuring internal coherence or consistency of the data, findings, interpretations and recommendations.

Table 4.9 provides detail on how the researcher applies the four main criteria of the trustworthiness issue, namely, credibility, transferability, dependability and confirmability in this research.

**Table 4.5:** The Four Criteria of Trustworthiness

<b>Trustworthiness Criteria (Lincoln and Guba, 1985)</b>	<b>Description of Trustworthiness</b>	<b>Method and procedures applied in this research and reference</b>
Credibility	Ensure the accuracy of the research findings. It is referred to as internal validity in a positivist approach.	<ul style="list-style-type: none"> <li>i. Continuous engagement: the data collection stage took almost in 14 months from first contact until completed data collection (Jan 2010-Mar 2011) in order to understand the phenomena in real life precisely.</li> <li>ii. Peer debriefing: data discussed with colleagues during analysis stage to avoid bias in interpretation the data and coding.</li> <li>iii. Comprehensive data triangulation through the following: <ul style="list-style-type: none"> <li>- Method triangulation: semi structured interviews, documents, pictures and observations.</li> <li>- Theory triangulation: the research is looking at three main perspectives from operational, relational and outcome factors which represent supply chain and marketing theory generally which is specifically, transaction cost theory and relationship marketing theory.</li> <li>- Data Triangulation: by using multiple case studies in this research (seven cases and both perspectives, CM and TPLP).</li> </ul> </li> </ul>
Transferability	How the findings are transferrable and demonstrate external validity. Also how it can be applied in another context.	<ul style="list-style-type: none"> <li>- Achieved through replication logic by analysing the results through multiple case studies (Yin, 2009).</li> </ul>
Dependability	Concern about the stability of the data over time. The conventional term used is reliability which guarantees its consistency.	<ul style="list-style-type: none"> <li>- The research follows three stages in case study protocol which is developed at the initial stage of research before entering the fieldwork.</li> <li>- Interviews are also recorded for repetition process in interpreting and analysing data (iterative process).</li> </ul>
Confirmability	Nature of data. How findings can be confirmed through data itself. In other words: the findings present the naturalistic result. The same meaning as objectivity in the positivist approach.	<ul style="list-style-type: none"> <li>- Maintaining the evidence (Yin, 2009).</li> <li>- Reflexivity: avoiding intervention during the interview process as discussed earlier in order to avoid bias and make sure the data naturally and originally comes from the respondent.</li> </ul>

Source: Developed by the researcher for this study

## **4.6 Data Analysis**

The data analysis process in this research is divided into several processes. The next section will discuss further, starting with transcription of the qualitative data, qualitative data analysis, qualitative content analysis method, strategies and technique and also tools used in qualitative analysis.

### **4.6.1 Transcribing the Qualitative Data**

In this research, before the data is analysed, the researcher firstly transcribed the data from the interview from the recording (Saunders *et al.*, 2009; p.485). The interview is audio recorded and subsequently transcribed which reproduces a verbatim written (word processed) account. As claimed by Saunders *et al.* (2009), the transcribing process is about not only being interested in what participants said, but also the way they said it. In this research, the task of transcribing the data from recorded to written text took much time because not only the words but also the tone of what is said is transcribed; in addition the participant's non-verbal communications are recalled. It needs to ensure that it can be linked to the contextual information that locates the interview.

The transcribing process in this research was completed immediately after the interview session to ensure the researcher recalled what participants said and clearly matched with the body language of the interviewee/participants. However, when the researcher was unable to transcribe immediately after the interview session due to another appointment with another interviewee, transcription was undertaken as soon as possible, thereafter. At the same time, in order to make sure no important points were left in the transcribing process, the researcher repeated the process to check the accuracy of the transcript with the audio data more than three times. The researcher transcribed the audio data to the text using Microsoft office word and the transcript was based on the real interview session not based on the sequence of interview questions (open guide interview). However, the researcher later changed and rearranged the data, according to the sequence of interview questions in order to have a different view of answers. It is important to the researcher to gain a basic view on each case about each themes explored. In the next step, the researcher transferred all the interview data onto NVivo 9 software as it helps the researcher to systematically manage the untidy data and be more

organised with the data to ease the coding process later. This will be further discussed Section 4.6.5. The next section will discuss qualitative data analysis.

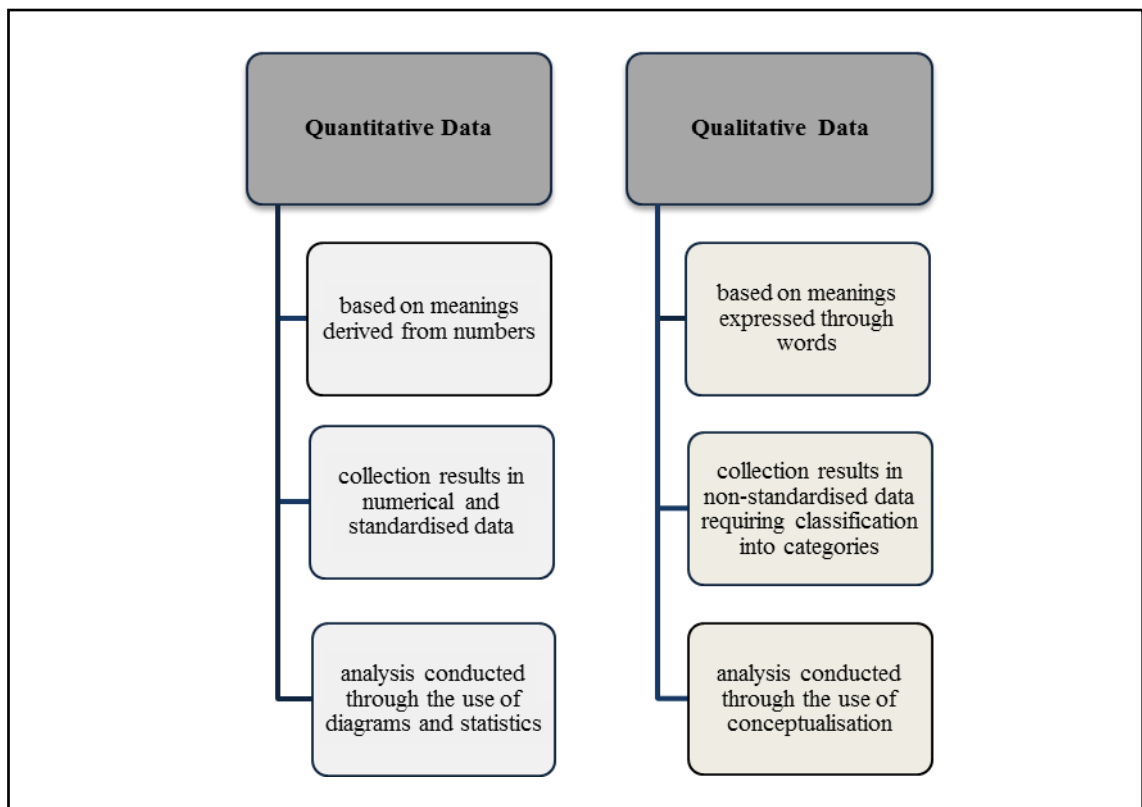
#### **4.6.2 Qualitative Data Analysis (QDA)**

It is recognised that all qualitative data analysis including case study should follow a general analytic strategy, which defines priorities for what to analyse and why (Yin 2009, p.126). It is similar to what has been proposed by Miles and Huberman (1994) and Silverman (2005). It should be noted that a helpful starting point is to play with the data. Yin (2009, p.129) and Miles and Huberman (1994) set guidance in order to comprehensively describe and summarise the data from the fieldwork. They are, for example, to put the information in different groups; make a category and place the evidence within categories; create data displays such as flowcharts or graphics to examine the data; tabulate the frequency of different factors and see the relationship among factors. In this research, data analysis starts with the within case analysis and follows with cross-case analysis. Each of the findings will be explained in detail in Chapters Five and Six. There are approximately 15 methods of analysing qualitative data and this research adopts qualitative content analysis or thematic analysis. It has been chosen as it could determine the effect of the findings through the development of the research proposition as a result from having reached saturation for every code.

Additionally, QDA can be defined as the skill of analysing data collected using qualitative sources such as interviews, focus groups, written text and also visual sources like photography and observations (Morse and Richards, 2002). It is different from quantitative data as it is much richer data compared to numeric data to provide meaning and understanding (Kelle and Laurie, 1998). According to Robson (1993), meaning and understanding in QDA can be achieved through analysis of the data's content and subsequent reflection to refine the analysis. Miles and Huberman (1994) stress that QDA comprises of three main processes, namely, data reduction, data display and drawing a conclusion. Interpretivist researchers claim that qualitative data analysis is more difficult to undertake compared to quantitative data analysis which has reasonably clear and accepted sets of conventions and techniques (Fielding and Lee, 1998; p.21). While Strauss and Corbin (1998) believe that there is a form of rigour in qualitative data analysis, however it has been classed as both a science and art based on the researcher's

skills and the analytical approach utilised. There is a distinction between quantitative data and qualitative data as can be seen in Figure 4.7, below. The rationale of providing this figure is to show that the main difference between quantitative and qualitative data is in terms of the numbers and words derived in the meaning of findings. Therefore, in this research, Chapter Five and Six discussed the findings within-case and cross-case mostly used text to explain the findings rather than numbers as text could provide the uniqueness of the phenomena being studying through interpretation of findings through text.

**Figure 4.7:** The Main Difference between Quantitative Data Analysis and Qualitative Data Analysis



Source: Saunders *et al.* (2009; p.480)

There are different types of QDA such as narrative, repertory grid technique and qualitative content analysis (known as thematic analysis). These methods have been used in analysing QDA. However, there is a difference between each method and the suitability of the method to answer different research questions. For example, narrative is more suitable for research that looks into the life activity of the entrepreneur's life. Narrative is about story telling from the respondent's perspective or experience. (Bryman and Bell, 2007).



Repertory grid technique is suitable for qualitative analysis that wants to gain a clear meaning of the construct and helps the respondents to articulate their views on complex topics (Goffin *et al.*, 2006). This method originally comes from the psychology and anthropology fields but has also been used in management research. There is another method known as qualitative content analysis. This method is a well understood method for analysing interviews. According to Kolbarcher (2006), it is a text interpretation method that allows the researcher to gain deep understanding on complex phenomena especially in understanding dyadic relationships. Using this method, it allows the researcher to gain deep understanding on the phenomena studied while interpreting the data compared to other methods, for example, narrative study; it is more about storytelling and the researcher interjects very little.

Therefore, for this research, the researcher opts to use qualitative content analysis in analysing the CM-TPLP relationship since it could help the researcher to explore deep understanding on factors that could bonds successful logistics partnerships between CM and TPLP by interview text interpretation. In addition, by using qualitative content analysis, the researcher could also undertake triangulation in order to corroborate the findings to ensure truthful findings. The details of how the researcher performs the qualitative content analysis in this research will be discussed further in the next section.

#### **4.6.3 Qualitative Content Analysis**

Qualitative content analysis, also known as thematic analysis, is one of the popular methods in analysing qualitative data. It is an interpretation method for qualitative interviews (Kolbarcher, 2006; Zhang and Wildemuth, 2006) which involves activity like summarising raw data into categories or themes based on valid understanding and interpretation. This process uses inductive reasoning, by which themes and categories emerge from the data through the researcher's careful analysis and continuous comparison. Also, importantly this process should not exclude deductive reasoning, where a deductive thematic analytic approach is also useful in this process (Miles and Huberman, 1994; Patton, 2002). According to Hsieh and Shannon (2005), there are three approaches to qualitative content analysis, namely, conventional qualitative content analysis, directed content analysis and summative content analysis.

These three approaches in qualitative content analysis are based on the degree of inductive reasoning. In conventional qualitative content analysis, coding categories are derived directly and inductively from the raw data which is normally used in grounded theory research; while in directed qualitative content analysis, initial coding starts with a theory or relevant research findings. This is similar to that suggested by Miles and Huberman (1994). The key point of this approach, commonly, is to validate or extend a conceptual model/framework or theory. This approach is applied in the current research as the purpose of this research is to validate and revise the model on logistics partnership success in the automotive outbound delivery channel between CM and TPLP in Malaysia. While the third approach of qualitative content analysis, known as summative content analysis, basically starts with the word counting or manifest counting. It is followed by the continuation on the analysis to include latent meanings and themes. In this third approach it appears as a quantitative style in the early stages but the goal is to explore the usage of words/indicators in an inductive manner (Hsieh and Shannon, 2005).

In the process of undertaking qualitative content analysis, the researcher followed eight steps by Zhang and Wildemuth (2006). The eight step process of conducting qualitative content analysis is prepare the data; define the unit of analysis; develop categories and a coding scheme; test a coding scheme on a sample text; code all the text; access the coding consistently; draw conclusion from the coded data and finally report the method and findings. In Step One of qualitative content analysis, preparing the data (text), the researcher transcribes or transfers the data from audio files to written text. At this stage, when transcribing the data, a number of questions emerge (Schilling, 2006; Zhang and Wildemuth, 2006). The following questions normally arise: 1) should all questions or only the main questions from the interview be transcribed; 2) should the conversation be transcribed verbatim or only a summary; and 3) should all observations during the interview (e.g. sounds, hesitations and other audible behaviours) be transcribed? Having all these questions in mind while transcribing the data, the researcher decided to transcribe all the words including questions and answers with the assumption that all be of use. Subsequently, a review of the answers and questions is undertaken, deleting any which are not important; for example, any incomplete sentences because of pauses or disturbances.

The second process is to define the unit of analysis. In this qualitative content analysis, the unit of analysis means the coding unit from the individual or from the interviewee. Weber (1990) stresses that understanding the coding unit is a most important and fundamental decision in qualitative content analysis. An example of a theme may be stated in a single word, a phrase, a sentence, a paragraph or an entire document. Minichiello *et al.* (1990) state that when using a theme as a coding unit, the researcher is mainly looking for the expressions of an idea. Thus, Zhang and Wildemuth (2006, p.3) emphasise that *“the researcher might assign a code to a text chunk of any size as long as that chunk represents a single theme or issue of relevance to the research”*. The third step is developing a category and coding scheme. In step three, the categories and coding scheme can be obtained from the data itself, previous related study and theories; and it can be developed both inductively or deductively (Zhang and Wildemuth, 2006).

In this research, the development of categories and coding scheme is based on the open guide interview developed earlier and the researcher developed new categories or themes later, inductively from the data in the analysis process (Miles and Huberman, 1994; Bryman and Bell, 2007). It is recognised that inductive content analysis is basically suitable for studies that intend to develop theory, rather than those that intend to describe a particular phenomenon or verify an existing theory. As recommended by Glaser and Strauss (1967), developing categories inductively from raw data are encouraged to use the constant comparative method since it is not only able to stimulate original insights, but also able to make differences between categories apparent. According to Miles and Huberman (1994), some studies will have a preliminary model or theory on which to base on the inquiry. Basically, the researcher can produce a preliminary list of coding categories from the model or theory. Then this model or theory might be modified later during the analysis as new categories emerge inductively. In this research, the researcher has the preliminary model and confirmed the model is important to further analyse as can be seen in Chapter Three.

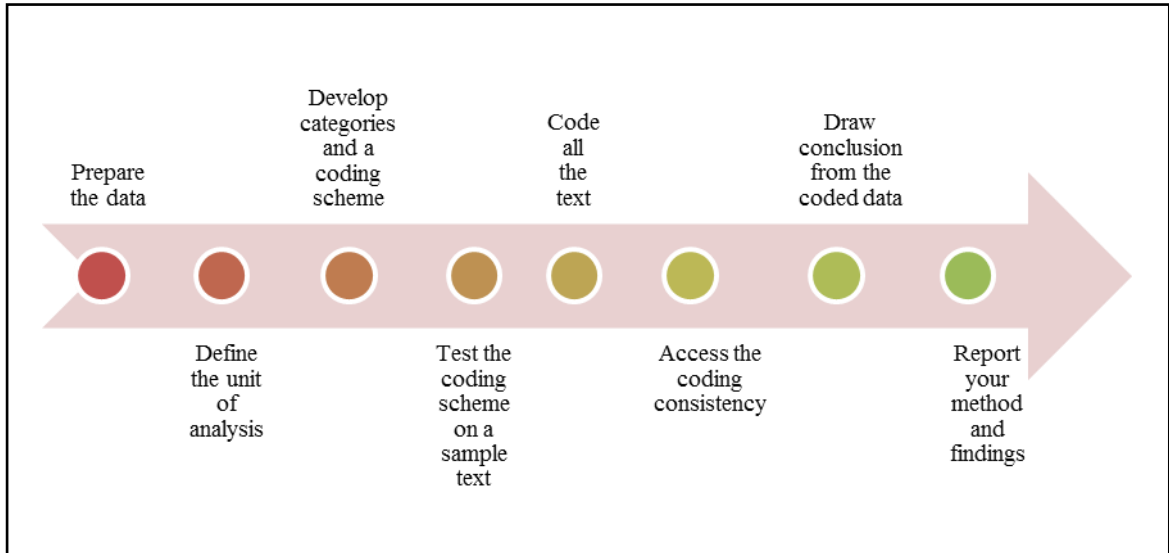
In the fourth step, the researcher is expected to test the coding scheme on a sample of text. This can be done manually. At this stage the coding consistency needs to be checked. As advised by Zhang and Wildemuth (2006), *“if the level of consistency is low, the coding rules should be revised. Coding sample text, checking coding consistency and revising coding rules is an iterative process and should continue until*

*sufficient coding consistency is achieved*". It is similar to what has been proposed by other researcher (for example Lewins and Silver, 2007; Miles and Huberman, 1994; Weber, 1990). Moreover, any problem with regard to category definition, coding or categorisation should be dealt with by the researcher (Schilling, 2006). Step Five is to code all the text. At this stage the consistency of the coding has been achieved, therefore the coding rules can be applied to the entire text of body. During the coding process, the researcher checked the coding repeatedly. This is important to prevent "*drifting into an idiosyncratic sense of what the codes mean*" (Schilling, 2006).

The next step is concerned with assessing the coding consistency. The researcher has to recheck or verify the coding consistency as the categories and coding may change over the time (Bryman and Bell, 2007; Lewins and Silver, 2007; Miles and Huberman, 1994; Weber, 1990; Zhang and Wildemuth, 2006). Subsequently, conclusions are drawn from the coded data. At this stage, the researcher is responsible to make sense of way they are themed and categorised. At this point, the researcher concludes and presents amendments of meanings derived from the data. The activities may involve exploring the properties and dimensions of categories, identifying relationships between categories, uncovering patterns and testing categories against the full range of data (Bradley, 1993; Lewins and Silver, 2007). This is the most challenging part in the analysis process. The final step in qualitative content analysis is to compile a report of the findings and the methods. Patton (2002) claims that in order for study to be replicable, the researcher needs to check and report their analytical approach and processes as completely and truthfully as possible. Qualitative content analysis is an alternative for a report not based on counts, numbers or statistical significance, but a deep insight and interpretation of the findings. However, this does not limit the researcher to present the research findings with typical quotations to justify conclusions (Schilling, 2006), and incorporate data display with matrices, graphs, charts and conceptual networks (Lewins and Silver, 2007; Miles and Huberman, 1994). Also, in report writing, the description gives the reader background and context, thus, it needs to be rich and deep (Denzin, 1989). Interestingly, the report should "*provide sufficient description to allow the reader to understand the basis for an interpretation, and sufficient interpretation to allow the reader to understand the description*" (Patton 2002, p.503-504). The eight processes, discussed above, are illustrated in Figure 4.8,

and were used as the basis for the analysis of the qualitative data together with some other tools discussed earlier such as NVivo9.

**Figure 4.8:** Eight Steps in Qualitative Content Analysis



Source: Zhang and Wildemuth (2006)

The next section will discuss the strategy and tools used in analysing qualitative data in this research.

#### **4.6.4 Strategies and Techniques Use in the Qualitative Data Analysis.**

This research uses two general strategies as proposed by Yin (2009): developing case description; and relying on theoretical proposition. In Chapter Five, data analysis starts with a case by case analysis, also known as within case analysis. In Chapter Six, the cross-case analysis is performed where the researcher looks at the similarities and differences featured among the case. In highlighting the research findings in this thesis, the researcher also uses a case-ordered descriptive matrix in order to provide descriptive data from all the cases (Miles and Huberman, 1994) as elaborated in Chapter Five. It should be explained, here, that the researcher also uses a case-ordered effect matrix in Chapter Six to discuss the findings in each case and overall conclusion as suggested by Miles and Huberman (1994). What is more, as a result the conclusion of each theme is made for every case discussion.

In Chapter Six, the discussion from all seven cases and the main findings will be presented with the development of the revised model from the model developed in Chapter Three (Figure 3.3). At the same time, the researcher develops a revised proposition, developed in Chapter Three to show the association. The proposition that has been developed earlier is either significant, not significant or has not been validated. This is because the reason to develop the proposition at the beginning, as mentioned earlier, is simply to allow the researcher to collect the data beyond the research area (Yin, 2009) and is used to generate insight during cross-case analysis (Miles and Huberman, 1994; Perry, 1998). At the same time, this research adopts a ‘pattern-matching’ technique in analysis of the seven cases being studied. Yin (2009, p.161) suggests that the *“quality of a case study analysis does not only depend on the technique used but most importantly, the researcher must demonstrate the expertise in carrying out the analysis”*. This is because pattern matching is related to dependent and independent factors and is also related to the theoretical replication pattern or, in other words, the match between theory and practice (Yin, 1994; Yin, 2009).

#### **4.6.5 Tools in Analysing Qualitative Data**

Qualitative content analysis could be done manually and with the existence of software computer tools. As suggested by Bazeley (2002), the use of computer software in analysing qualitative data can increase the rigour. In the last decade, many researchers have mainly used manual thematic analysis in order to analyse qualitative data. However, at present with the development of information technology (IT) development in research, the use of computer software can be seen as strategic tools to help the researcher to conduct analysis systematically. In this research, the researcher used the NVivo 9 software in order to deal with the complexity of data as it functions as a strategic project management tool where all the interview data could be stored in one place, together with other sources such as documents, observation notes and photographs taken during observation. At the same time, an analysis notes folder can be added and this, of course, will make the analysis process more organised, systematic and comfortable to the researcher when undertaking analysis, thus enabling the coding process to be performed more systematically, with data from coding easily been derived through matrix coding tasks, for example.

Again, as stressed earlier, it is like a project management tool into which the researcher could put everything about research. What is more, in this research, by using NVivo9 software, the researcher can easily separate the interview file into different cases to analyse and put any documents gathered and photographs taken during the observation in each case folder to aid systematic analysis. Furthermore, the researcher could easily derive the data; for example simply reviewing the data from pictures taken in case study A (see example in Appendix E). According to Bazeley (2002, p.3), there is a widely held perception that use of a computer ensures rigour in the analysis process. It is also significant that through using computer software like NVivo 9, the work not only can be undertaken in a systematic way but also help the researcher to ensure a more complete set of data for interpretation that might not occur when working manually.

#### **4.7 Ethical Consideration**

Ethical issues in an inter-organisational relationship are important. With respect to the research involving business-to-business relationships, proper ethical guidelines have to be considered. In the current research, the ethical guidelines developed by Brunel University are followed, which including the preparation of the participant information sheet, participant consent form and a company confidentiality agreement form. The name of the organisation involved in this research is also kept anonymous for confidentiality. It should be noted that, even in the analysis process and in the thesis, the name of the interviewee is not revealed. Moreover, in the analysis process using NVivo 9, the researcher names the interviewee transcripts based on the short form that only the researcher knows to whom this data is belongs. For example, every transcript from each interviewee is named as in the format: A-CM-MM-M-40 (see Appendix E). This means that A refers to Case A, CM refers to the car manufacturer, MM refers to the short form of the interviewee's name, M refers to gender (Male) and 40 refers to the interviewee's age. Having this identification code created by the researcher, it maintains and keeps the issue of confidentiality to the highest level. It is also significant to mention that the process of ethics in Brunel Business School starts with the submission of the documentation to the Research Group which includes the form together with interview questions. At this stage, the Ethics Group review the process, taking approximately three weeks. This is attached at Appendix F.

## **4.8 Conclusion**

This data theory chapter has reported the methodology used in this research in order to answer the research question and validate the proposed conceptual model. Qualitative research with case studies is adopted to understand the relationship between CM and TPLP in the Malaysian Automotive Industry. The researcher used contacts in academia and industry, together with an interview guide to determine the data needed to direct the interview process. Semi-structured interviews, observations, photographs and document review were used to explore and gain a wealth of information and the software tools of NVivo9 were used in order to help the researcher in interpreting and analysing the data more systematically. Triangulations were made to corroborate the data. Chapter Five will discuss the results and the findings from multiple cases.



## **CHAPTER FIVE: CASE STUDY ANALYSIS – MULTIPLE CASES**

### **5.0 Introduction**

The aim of this chapter is to provide empirical findings from the multiple case studies where the results are presented through case by case discussion. The findings are originally drawn from the interviews, document reviews, observation and also from photographs taken during observation. In order to provide deep insight to this CM-TPLP research in the Malaysian automotive delivery channel, each case is individually explored based on the early theme developed as illustrated in Figure 3.2, in Chapter Three. The findings of this chapter are based on an analytic deductive-thematic approach using qualitative content analysis (also known as thematic analysis) as a method of data analysis which involves key tasks such as organising, examining, categorising, tabulating and combining all the evidence in order to draw empirically based conclusions (Yin, 2009, p.126) which follow the analysis process as suggested by eminent qualitative academics like Bryman and Bell (2003; 2007); Lewins and Silver (2007); Miles and Huberman (1994) and Zhang and Wildemuth (2006).

Before going further to the case by case analysis, this chapter starts by providing basic information about the seven cases involved in this research, highlighting key quotes from each case to verify the significance of developing successful relationships in the delivery channel. It is followed by a general description of the seven cases, presenting an overview of the 14 organisations involved: seven CMs and seven TPLPs. For each case analysis discussion, a general view of the company background is given, followed by three main dimensions explored in this research, namely, operational, relational and outcome dimensions from both, the CM and TPLP perspective. The seven cases are analysed and explored with the aim of drawing out the important issues in every case in order to validate and improve the proposed conceptual model (Figure 3.2) for logistics partnership success (LPS) between CM and TPLP in Malaysia's automotive industry. The discussion for each case is based on the interviews, observations, documentary review, and photographs. From all this data gathered, some newly emerging themes were identified, and a conclusion has been drawn concerning each case, with a proposition being formulated to show the relationships.

Essentially, every case analysis is linked to the proposed model and propositions with the two main contributing themes (the operational and relational factors) and also the outcome. It is important to highlight that before each dimension is explained and discussed, evidence is provided, mapping key points that prove the findings to be discussed in detail. The findings presented in this chapter are based on semi-structured interviews, corroborated with other evidence such as notes from observations, photographs and document review (see section 4.5). At the end of each case analysis, the reader is provided with the list of propositions in each case to show the effects from findings together with the newly emerged themes.

It is important to note here that the researcher has decided to report two interesting and findings from Case D and F which relate to culture and successful logistics partnerships. This issue was raised from TPLP side and is mentioned since it may provide an avenue for further research. The next section discusses the seven cases.

### **5.1 Basic Information about Multiple Case Studies (The Seven Dyadic Cases between CM and TPLP).**

To gain deeper insight of current research, seven cases are explored, and data is collected to accomplish the research aim, research objective and answer the research questions. As mentioned earlier, 14 organisations are involved in this research; seven of which are from CM and another seven are from TPLP. In addition, they can be grouped into two parties: local and multinational (MNC) CMs; and local and multinational companies (MNC) of TPLPs. However, it should be mentioned, here, that the difference between these types of organisation has no effect on the data collection as both the former and latter provide the same logistics services and also produce cars as their finished products. Furthermore, even though the industry is quite small compared to other industries, as they are high value industries, the combination from these two types of company is important to gather information to gain rich data in understanding the LPS in the Malaysian automotive delivery channel. In fact, even though there is an opportunity for a comparison of these two types of organisation, it is not the aim of the current research.

The aim of this research is to gain a deeper understanding of how the operational and relational factors affect LPS which represent the actual contributing factors from these two key dimensions. However, it is significant to note that this unexplored opportunity will be one of the limitations in this research and would be an opportunity for further research. Also, it should be noted, here, that Malaysia is a unique country consisting of multiple races and religions, the workers in each industry also reflect this. Thus, for the purpose of this research, it is not limited by race. Provided respondents are employed in a logistics post and opt to answer the interview questions, the researcher is happy to interview them.

As emphasised in Chapter Four, the dyadic CM and TPLP is the unit of analysis in this research. Generally, most interviewees believe that the key unit for the supply chain is a dyadic relationship between members in supply chain activity. Most of the interviewees agree that both main factors (operational and relational) are vital for LPS between the CM and TPLP. There are several key quotes from interviewees (from both CM and TPLP) that show the importance of the dyadic logistics relationship, as documented in Table 5.1, below.

**Table 5.1:** Evidence of the Importance of Relationships in the Logistics Partnership Context

Quotation Evidences	Case - Interviewee	Company
“Managing the relationship is important and joint planning in partnership is vital. In a dyad relationship - or we can call them our partner, they are a family member in our organisation and being successful or not, also depends on them”.	A -MR	CM
“The success of the company is related to a company’s relationship with its partner. In fact the relationship is vital where our services are concerned. We need to collaborate with the TPLP in order to deliver our products. Our current TPLP has been with us since the setting up of our company back in 1994”.	B-AL	CM
“Developing a close relationship is important because at the moment their requirement is quite extensive. We need to understand one another. It will be easier for us when our relationship is close because they will understand the kind of future business that we are going to have in the future and they will be able to run things on their own”.	D-AN	CM
“We are looking for a long-term relationship, so that both parties can get the benefits. Both are in win-win situations. I see the relationship as a positive thing. Because we do not have any strength in logistics, we engaged a TPLP that has the capability and strength to get the work done. Basically we gave them the business opportunity and at the same time, we will have its own reputation, a brand name since we make the customer happy. Both parties enjoy the benefits.”	G-AB	CM

Quotation Evidences	Case - Interviewee	Company
“Our relationship with our partner is very important. Actually, we do not have any capacity in logistics. Even if we do have some capacity, we are still doing what we do in this industry. We do foster a good relationship with them so that they will pitch in more effort to help us out. Mainly because of that if we fail, then they too would fail.”	G-FD	CM
“Business relationship is about tons of money and being in a relationship where each party has to know where you are economically and geographically. And you need to know about your future. This is important so that both parties can work together for mutual benefit. In this case, in the end the partner (car manufacturer) will get great performance, achieved their KPIs and achieve their target. And our side, obviously we will get continuous support which translates as business”.	F-MW	TPLP
“Partnership is important in everything that we do. If you do not have a proper partnership, then it will affect the business. Partnership is important to us because our equipment is very expensive. A truck costs about RM 300k. If you had a trailer to the truck unit, you need to add another RM130k. So you spend roughly half a million for a truck. It takes about five years for you to recover the payment. By the 7 <sup>th</sup> year, the truck will give you some problems. So you have about two years to make any good profit, people say, it is kind of a reversal. That’s why partnership is important and we have to maintain our connection”. (Logistics Manager)	D-SH	TPLP
“It is undeniable that partnership is vital”	B-MP	TPLP
“In a business partnership with G, we give what they want. Sometimes, we do encounter some difficulties which is more on how we solve the problem. That is why it is important for us to have a good rapport with our business partner. So that, when we have some issue, like the problems that we currently have, we could discuss the issue with our customers”.	G-MH	TPLP

Source: Derived from the empirical data

From the above explanation, the researcher could see that both parties, the CM and TPLP, really need each other and a logistics partnership is really meaningful to them. This is because the CM does not have specialities and does not have assets such as car carriers which are very costly. On the other hand, the TPLP has the specialities and also the assets. What the TPLP needs is more business to improve their company’s profitability. From this, because of the mismatching between these two parties, it could be concluded that they are highly interdependent and the success of these two companies also depends on their partnership with each other.

Before going further to the discussion on findings in case by case analysis, it is good to see the overview of the seven cases involved as can be seen in Table 5.2. It shows the details of the interviewees, the companies and the cases they represent.

For the purpose of this research, all the interviewees are knowledgeable to answer the interview questions with most of them having experience of around two years to 16 years in car distribution and logistics handling in Malaysia; they also from the manager level. The next section will conduct a case analysis whereby the detailed case by case analysis will be presented. The analysis is in accordance with the themes in the proposed model and the development of the propositions. Therefore, the next section will discuss the main case findings in this research specifically through a case by case approach.

The discussion for each case begins with the evidence mapping. For each case, three evidence maps are provided, one each for the operational, relational, and outcome dimensions. These maps provide the related findings in brief, and are based on the data collected from the interviews, observation, documentary review, and photographs. The discussion of each case is presented in association with the proposition developed for that case in order to show the relationship.

**Table 5.2:** Overview of Respondents in the Seven Case Studies

No	Interviewee	Gender	Case Representative	Age Group	Level/ Position	Company	Type of Company	Length of dyadic relationship	Years with company
1	MR	Male	A	40-49	Logistics Manager	CM	Local	1 years +	6-10 years
2	SBP	Male	A	30-39	Sales Manager	CM	Local		0-5 years
3	SZ	Male	A	30-39	Logistics Manager	TPLP	Local		6-10 years
4	ZA	Male	A	50-59	Asst. Vice President	TPLP	Local		0-5 years
5	AL	Male	B	30-39	Sales Manager	CM	Local	16 years	0-5 years
6	DC	Male	B	50-59	Distribution Manager	CM	Local		11-15 years
7	MP	Male	B	40-49	Head of Logistics	TPLP	Local		11-15 years
8	HN	Male	C	40-49	Distribution Manager	CM	Local	12 years	6-10 years
9	AS	Male	C	50-59	Transport Manager	TPLP	Local		6-10 years
10	AN	Male	D	30-39	General Manager	CM	MNC	12 years	6-10 years
11	RE	Male	D	50-59	Logistics Manager	CM	MNC		11-15 years
12	SH	Male	D	40-49	Transport Manager	TPLP	MNC		6-10 years
13	PTR	Male	E	30-39	Logistics Manager	CM	Local	10 years	16-20 years
14	NN	Male	E	30-39	Transport Manager	TPLP	Local		6-10 years
15	SB	Male	E	30-39	Operation & Marketing Manager	TPLP	Local		6-10 years
16	EF	Male	F	40-49	Logistics Manager	CM	MNC	10 years	11-15 years
17	KA	Male	F	40-49	Sales Manager	CM	MNC		6-10 years
18	MN	Male	F	30-39	Head of Transport	TPLP	MNC		6-10 years
19	MW	Male	F	30-39	Operations Manager	TPLP	MNC		6-10 years
20	AB	Male	G	40-49	Automotive Distribution Manager	CM	Local	6 years	6-10 years
21	FD	Male	G	20-29	Logistics Manager	CM	Local		6-10 years
22	MH	Male	G	30-39	Transport Manager	TPLP	Local		6-10 years

Source: derived from empirical work

## **5.2 Logistics Partnership Success between a Car Manufacturer (CM) and Third Party Logistics Provider (TPLP): Case Study A**

### **5.2.1 General Information**

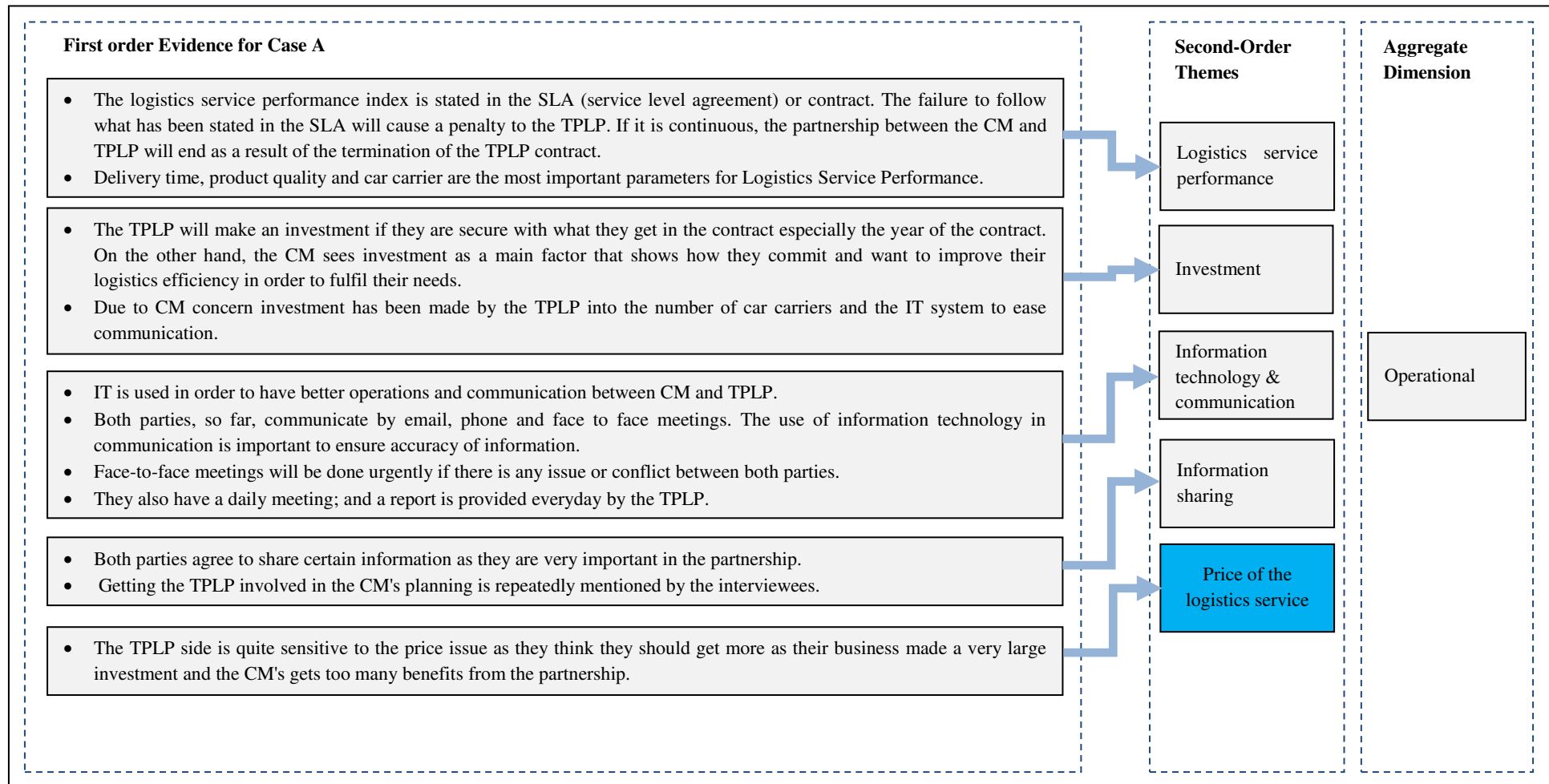
In case study A, both CM and TPLP are local companies; the relationship started approximately two years ago after the CM decided to embark on a partnership with this TPLP in order to improve their logistics efficiency and to reduce logistics cost. The TPLP has vast experience in handling logistics activities of over 20 years; however recently started to handle logistics in the automotive industry approximately two years ago - when they received a project to handle the outbound logistics to deliver cars to dealers from this car maker.

All the interviewees (two from CM and two from TPLP) in case study A agreed that developing a close relationship or partnership is vital in Malaysia's automotive industry as they become a part of the family in the organisation. Moreover, they agree that for developing LPS in Malaysia's automotive industry, both main dimensions (operational and relational) are really important and have a significant impact on the LPS between these two parties. LSP is one of the themes explored in the operational dimension. It refers to the quality of the logistics service provided by the TPLP. It is significant to highlight that the LSP is measured by certain parameters that are already stated in the contract and in this case it is known as the LSP index. Other factors such as investment, IT use, information sharing and price are also regarded as operational factors. On the other hand, the relational dimension refers to factors such as trust, commitment, power, dependency, conflict, cooperation and informal activities. It is parallel with relationship marketing theory in that these factors will affect satisfaction and the results will be known as a relationship quality whereby both parties perceive that they are successful in the relationship with the achievement of the goal and share the benefits through the emerging of the outcome from this partnership. This will be further discussed in the next section.

### **5.2.2 Operational Dimension**

Figure 5.1 presents the evidence map for the operational dimension in case study A. Interestingly, the price of logistics service emerged as a new factor and is highlighted in blue.

**Figure 5.1:** Evidence Mapping for the Operational Dimension (Case Study A)



Source: Derived from empirical data



### 5.2.2.1 Logistics Service Performance (LSP)

The findings from case study A show that all the interviewees agreed that LSP is evaluated based on certain parameters, known as the LSP index, which has a significant affect that contributes to the success of their partnership. They explain that in reviewing the LSP of the TPLP they have certain parameters which are actually stated in the contract between them. Failure to follow these, as stated in the contract, will induce penalties to the TPLP and, if it is continuous, the result will be negative. It should be emphasised, here, that continuation to default on the contract will result in the termination of the TPLP or, in other words, end the relationship. Basically, the evaluation on TPLP logistics performance is completed by a project team from the CM's side. They conduct inspection from time to time and report to the management about the TPLP performance. During the interview session, an interviewee from the CM side showed the researcher the report (document) of their investigations which prove what they said is true. However, as it is confidential, the researcher was not allowed to have a copy of the document.

It is important to note that all the parameters for the LSP in case study A are stated in the contract, known as the SLA – Service Level Agreement. The SLA is a written contract and constitutes long term commitment of five years duration. It could be concluded that logistics partnerships are based on goals to be achieved in the contract. The interviewees from both CM and TPLP sides explain this, below:

*“When we sign the agreement, we have SLA of the things we do. For me, I’m still looking at a SLA that they are committing to, when they get the contract. I’m still holding to that when evaluating them. So, if you talk about today, I need the TPLP to complete 100%, so actually right now everybody is working together to achieve that goal” (CM – SBP).*

*“Actually, what we do is based on our agreement with them which is called a SLA agreement. In the SLA, if we fail to comply with what has been stated in the agreement, we are given a penalty.... And of course if we do not comply, they have the right to terminate agreement with us. But this is the normal standard agreement” (TPLP – ZA).*

As mentioned earlier, there are certain parameters that measure the LSP provided by the TPLP. Basically, after the evaluation of the TPLP, the CM will add up all indexes to see the overall performance of TPLP. Marks are given based on the evaluation. In case study A, the highest evaluation index is 4.0 and the TPLP must obtain at least 3.5. However, in this case study, as the TPLP recently entered into their partnership with the

CM and is still under a probation period, they are given a chance by the CM to improve their performance as expected. They are given a penalty as their index is below expectation but the CM has not ended the partnership as they are within the probation period. The quotation below shows that the TPLP index is below a satisfactory level even at the beginning of their partnership. One of the interviewee explains:

*“if you can see here (from the document sheet shown to the researcher during the interview), the index is weak at only 3.1. We want our partner (TPLP) to have more than 3.5 for all the items in logistics service performance index” (CM-SBP).*

It is significant to report here that interviewee showed the researcher the report of the evaluation even though the overall marks were hidden. However, the researcher can confirm that the interviewee’s answers all corroborated with the indicators stated in the evaluation form shown. This is used for triangulation purpose, for instance to confirm that the number of parameters under LSP as explained by the interviewee is the same as that stated in the documentation shown to the researcher. In this case, the researcher also made some observations in the loading area as allowed by the interviewee to understand how the TPLP loads and unloads cars. This observation was used to confirm the statements and explanation of the interviewees. For instance, in order to ensure the product quality (car) during the loading process, the researcher can confirm that the TPLP used silicone to create a gap between the cars during the loading and unloading process. The items stated in the evaluation form and explained during the interview, were proved in the observation. In this case, photographs were also taken to triangulate the findings. From the findings, the interviewees explained that the most important parameters in the LSP factor for the success of the partnership for outbound activity are the delivery time, product quality and car carriers as explained below.

#### **a. Delivery Time**

All interviewees from each party (CM and TPLP) explained that delivery time is the most important parameter in the LSP. This factor has its own calculation based on two formulae which are either  $n+2$  or  $n+3$  depending on the place to which they need to transport the car ( $n$  referring to the days of initiated delivery by the CM to the TPLP; while 1 or 2 refer to ‘day’). The  $n+2$  formula is applicable for the delivery of the cars around Klang Valley and for the outstation, which is outer Klang Valley the formula is  $n+3$ . It counts from the date of initiation of order. For instance, for Klang Valley, when the outlet

initiates delivery, they have to send it out from the hub within 48 hours. States such as East Coast Kelantan and Terengganu look at three days to initiate delivery, meaning that, they have to deliver within three days. This factor is stated in the SLA: failure to comply will result in a penalty. Both parties in case study A very seriously focus on this factor which will affect an increase or decrease in the Customer Complaint Index (CCI) and Customer Satisfaction Index (CSI) which, in turn, will give a negative reputation to the CM. If the TPLP cannot deliver as agreed, the penalty will be given and if it continuously happens, it can result in the end of the partnership, as explained below:

*“The most heavy weightage they are having is on delivery time as this basically will impact our SSI (Sales Satisfaction Index)” (CM-SBP).*

The findings show that both parties are aware of the importance of this parameter; sometimes there is a failure from TPLP to perform as to what their partner (CM) wants. This is confirmed by the CM side:

*“...is not 100% of delivery we are meeting the target. I would say 90% can reach our target. But that is for me not good enough. Why? When an outlet initiates delivery, we already have a form customer, who has already made payment” (CM – SBP).*

However, both parties (CM and TPLP) agree that sometimes a delivery problem is seasonal, for example, during peak times like at Eid Celebration, which is actually related to load planning. Peak time trend normally be read by the TPLP, such as the end of month when people get their salary and there is a boost in ordering cars. Thus, as claimed by the CM, planning by the TPLP is important to avoid failure to delivery. This is proved below:

*“.... The delivery activity will increase at the end of the month and when people getting the salary” (CM-SBP).*

## **b. Product Quality**

The second parameter for the LSP is product quality. Both parties agree that product quality is a vital factor in the evaluation of LSP for the TPLP. Product quality refers to the defects in cars during delivery or transportation; for example, scratches and dents. From the analysis, it is significant to note that the TPLP is very carefully aware about this issue and sees this as a major issue

which could affect their evaluation of the LSP and their partnership with the CM. This is explained below:

*“When mishandling happens, it could have secondary defects such as dents, scratches and everything... this really makes me unsatisfied” (TPLP – ZA).*

From the CM side, they are concerned with accidents as it will affect the quality of the cars. It is not only accidents or mishandling during transportation that are an issue, but also in the warehouse or in the car loading area or when unloading the car from the car carrier. In case study A, an interviewee explained that accidents during the loading process do happen. However, the CM gives the TPLP the chance to improve this as their partner is under probation. The CM side, however, is not really concerned with the issue of cost incurred when accidents happen since the cost of any defect will be covered by the TPLP. However, the issue of delivery to get the car to the customer is the most important concern for the CM as this, in turn, will reflect on the CCI, SSI, and also the CM’s reputation. This does not really make a CM happy in the partnership. On the TPLP side, they are also unhappy as it increases TPLP costs, as explained by TPLP (ZA):

*“...this will affect cost to our company. The cost will be higher even though the amount from the accident is covered by the third party...”.*

There is also explanation about this issue from the CM side:

*“We have a lot of accidents down there. TPLP bears the cost. So actually they peak in August, during Eid Celebration. I am more concerned towards the quality of the cars. So every accident down there, happening at the TPLP, we have our people down there, to check the degree of the accident. So we have an agreement with them. If it involves the structure of the car, they have to buy the car, because I don’t sell defective cars to the customers. If it is just a minor, only involving the cosmetics parts like bumper, scratches, and things like that, then we will repair and sell it as goods. When they do the acceptance, the risk is theirs. It’s been transferred, for me if there is an accident or whatever, they bear the cost, but the things is, it creates a bottleneck in the demand of transporter particularly in Malaysia. When we set up this, it impacts the logistics operators quite substantially” (CM, SBP).*

### **c. Car Carrier**

From the findings, the feedback from CM and TPLP also agreed that the number of car carriers is also an issue which will affect the delivery time parameter. It is

significant to highlight that the number of car carrier provided by the TPLP is vital and must be enough as per their planning with the CM to avoid any problems with delivery. This is related to the load planning process between them. Good planning on the number of cars to be transported together with the number of cars needed for the car carrier, will avoid late delivery. This, in turn, reflects to reduce the CCI and increase the SSI as mentioned above. Below is an explanation from the CM side:

*“Let’s say I want to deliver about 9,000 cars from Point A, so I’m talking about 300 car per day, average. So, load planning they have basically about 300 per days. 300 if you divide by per trailer, let’s say they take 8 cars, you are talking about 30-40 loads. Another thing is, when I cannot control that point, imagine month end. People start to initiate. So the demand on the trailers might be triple. So that is one of the challenges they have to cope with. Previously, whatever we produce, basically they can plan, and I would say the trend is quite steady. For example 200 going to northern, southern, they can plan. But right now is actually demand driven. So there are a lot of what I would say alternative arrangements that we have actually to cope with” (CM – SBP).*

To conclude, the three factors of delivery time, product quality and car carrier are significant parameters for LSP provided by the TPLP for the success of their logistics partnership with the CM. The next section discusses the other operational factor, Investment.

### **5.2.2.2 Investment**

Interviewees also validate that the investment factor is significant that will contribute to the success of the logistics partnership between the CM and TPLP. The findings show that the CM is looking at how far their TPLP is willing to invest to fulfil the CM’s need and improve the logistics service provided. It should be noted, here, that the TPLP see the investment of the car carrier is significant not only to provide a sufficient number for CM load planning but also for their development. The TPLP investment is actually based on the market trend as claimed by the TPLP:

*“We are working based on customer orientation, we always give extra. For instance they want us to do ABC, but we give them A,B,C,D,E until Z....But, if you look at total volume industry in Malaysia, the volume does not go higher, for example Indonesia last year, the volume goes up to 800,000 but Malaysia it is only below 600,000. So, when we invest, we follow the market trend, if the market rises 4%, we cannot increase double the percentage as it is also seasonal” (TPLP-ZA).*

Another representative from the TPLP side explained:

*“Actually, we have about 30 lorries and we are willing to get another 30 lorries to support our partner (CM) operation” (TPLP-SZ).*

However the feedback from the CM about investment in logistics partnership with the TPLP is not simply about the lorries but investment in the form of the information technology (IT) system. In case study A, both CM and TPLP agreed that they are using IT system but different system. They claim that even though the data can be interfaced, sometimes a failure does happen. The CM uses the SAP (System Application Programming) system while the TPLP uses the Boon system (the name of system they are using). For instance, in this case, by using different systems, sometimes the TPLP system does not communicate to the CM system correctly and in turn it gives a bad impact for miscommunication. This is explained below:

*“Currently our system cannot trigger that which means the outlet are not doing the good received through the system we don’t have that facility. We are in process of developing it. So with that in place, then we can track the efficiency. Basically if we talk all the index, actually right now, under the OTD (order to delivery), OTD project is one of the core projects that the CM is engaging in right now, for example, once they initiate the delivery, it takes how many days for the TPLP to send out the car. And then of course right now, they are talking about n+2 and n+3 that is one way of source of information that we are having. Because the system didn’t trigger the outlet actually received n+2. But n+2 we have people verified n+2 cars already going out. But I don’t have people to verify the cars reaching in the afternoon or they change two days later. So, that is something that we are working on” (CM-SBP).*

From the data gathered, it is also shown that the TPLP is willing to invest when they feel secure with what has been stated in the contract, especially the number of years in the contract.

### **5.2.2.3 Information Technology (IT) and Communication**

From the data gathered, it is recognised that the use of IT is vital in order to improve logistics service operations and to have better communication among members. It is undeniable that IT is recognised as an important medium for communication to ensure the accuracy of the data and to avoid miscommunication. As explained by an interviewee, in logistics partnership, it is important for both the CM and TPLP to speak in one language:

*“At every time we will talk in one language...So that’s why we maintain day-to-day operations” (TPLP- ZA).*

It should be noted, here, that in the 21<sup>st</sup> century, everybody is using IT for their communications such as email and video conferencing, in addition to phones call and face-to-face meeting; they also use IT systems for effective operations such as the ordering process, monitoring and so on. Both parties agree that they use IT systems in their operations, as explain earlier. Also, they are happy to communicate using email to send emails or any report apart from meetings. As claimed by the TPLP, they are very straightforward and customer oriented and that they report progress and updates to the CM every day as explained from the TPLP side:

*“We use an IT system and send the report every day to our partner, CM, the progress report what we did every day through email” (TPLP- SZ).*

Moreover, both parties agree that face-to-face meetings are also important as a medium for communication, apart from using IT systems especially when something serious happens which could seriously affect the partnership. As agreed by both sides, IT systems should not be used as a medium of communication when there is an issue or problem in their partnership. For example, when there is any issue, the involvement of high management personnel is vital in a meeting to solve any issue or problem. As claimed by the TPLP side, apart from using IT systems for their operations and communications with the CM, they do also have face-to-face meetings daily to update the operation to make sure what they aim to achieve in partnership is achieved. Therefore, it can be concluded that IT use in logistics partnerships is recognised as an important support to have better communication and operations.

#### **5.2.2.4 Information Sharing**

To achieve LPS, both parties agree that information sharing is vital especially to avoid any problems in delivery activity. Information on production volume and load planning is identified as significantly needed for LPS. This is because it could avoid ineffectiveness in LSP as it could affect the delivery of the cars and the number of car carriers provided by the TPLP. This is important for the TPLP to make their own arrangement to accomplish the CM’s planning as explained below:

*“We are open with them, we share information so that they can find the solution.... we get them involved in the planning... for example during year ends.... Nobody wants to produce cars during year end. Across the calendar year, there is the depreciation issue, so what we normally do in the car industry is we produce up until December. Come December we stop producing the cars, we still produce, but we keep it in. So we wait until the financial year to complete the process. So then the cars will bear the New Year date of birth. So when we have that, then we will be working on huge volume, let’s say we defer that month about 10,000 cars. In other words, we know that we have an additional 10,000 cars that they are going to handle but these 10,000 cars are not going out to the field yet up until the following month. So, this type of information for example we are getting them involved, we actually sit together to do the planning” (CM – SBP).*

It is also supported from the TPLP:

*“We could provide sufficient car carriers if they provide us with the exact number to be delivered a month” (TPLP-SZ).*

Hence, it can concluded from the above discussion, that information sharing is important for the success of logistics partnership between the CM and TPLP.

#### **5.2.2.5 Price of the Logistics Service**

The price of the logistics service emerged as an unexpected theme, apparently being significant for the LPS. This interesting finding shows that that there is a mismatch of services price determination. It could be noted that from the CM side, they want to reduce costs which is prefer able to pay a lower cost and increase the efficiency of the delivery done by the TPLP. Conversely, the TPLP always wants to increase their services price as their assets are very costly and in order to make sure of their profitability, they are asking for a competitive price. The mismatch occurs when the CM, on the other hand, thinks that their price is reasonable and competitive. The quotation below shows that the TPLP is really concerned with price as one interviewee from TPLP said;

*“Our parameter unit is 9000 a month, if the CM wanted extra, they should be reasonable. It is because we are paid according to the services that we have done, it should be a win-win situation and it is important since the CM wishes to meet their target. We as the provider also incur our own costs. What the CM wants, the CM gets. In return, what we provide, we get paid for. For now however, it is not a win-win situation. The CM gets more, ours however are shrinking” (TPLP-SZ).*

This important finding should be highlighted as it may one of the reasons why the logistics relationship may fail. Price of logistics service has been discussed before in



literature in the area of provider selection topic which is not identified as an important factor in the relationship success between a TPLP and their customer. The researcher was surprised with the key quote:

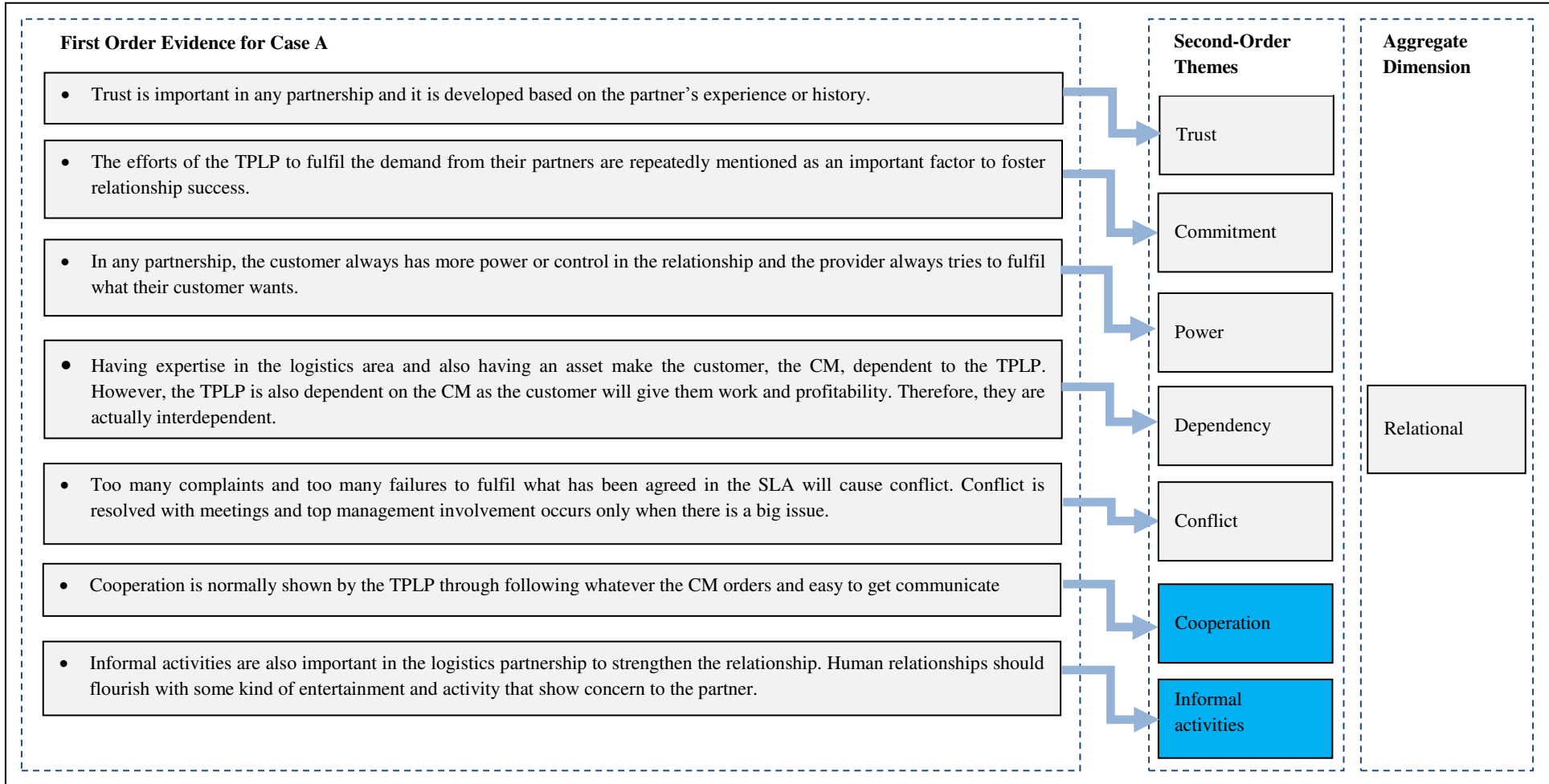
*“For now however, it is not a win-win situation. The CM gets more, ours however are shrinking” (TPLP-SZ).*

This will be further discussed and compared with the findings from the other six cases in Chapter Six. The next section will discuss the relational dimension findings from case study A.

### **5.2.3 Relational Dimension**

A number of views have emerged with regards to the relational dimension as can be seen in Figure 5.2. The interviewees commented on factors such as trust, commitment, power, dependency, conflict, cooperation and also informal activities for a successful relationship between a CM and TPLP. The newly emerging factor is highlighted in blue.

**Figure 5.2:** Evidence Mapping for the Relational Dimension (Case Study A)



Source: Derived from empirical data

### 5.2.3.1 Trust

LPS between the CM and TPLP could be achieved with having trust between them. Both the CM and TPLP agreed that trust is actually developed from past experience with a partner or based on a partner's history in industry. In this case study, the CM started the relationship with the TPLP a long time ago when the TPLP handled their inbound activity. Thus, in the outbound transportation activity, the CM gave an opportunity to the TPLP to handle their transportation activity to deliver their finished cars to the dealers based on their prior experience. This is confirmed by the CM:

*“Actually, before they were our inbound provider, so far we were happy with them from the past experience” (CM, MR).*

While on the TPLP side also, they explain the same situation:

*“So far the CM want their partner to follow their system. Before, they were happy with our performance. And whatever the system they wanted us to follow, we followed. This is some kind like continuation from our past business activity with the CM. For example, if the CM have tie show in Senawang, we also must have tie show in Senawang, if they have a Quality Control activity (QCA), we also must have QCA activity” (TPLP-ZA).*

As a conclusion, in the logistics partnership, trust is developed based on experience and the willingness of the TPLP to follow the CM's way of working. On the other hand, the TPLP side also trusts the CM based on their past experience with the TPLP. In this case, the TPLP previously served the CM for the inbound side, as confirmed below:

*“Before, we already have a business with our partner, CM. So, from this business we actually developed our trust with them. At the same time, we are willing to invest with them as we have a long relationship with them” (TPLP-ZA).*

### 5.2.3.2 Commitment

As far as the interviewees are concerned, commitment is vital for LPS. The commitment shown by the partner will strengthen the relationship between partners. From the findings, it could be concluded that the TPLP show their commitment with making some investment and working extra hours to fulfil the CM's demand. The quotes below, from the both CM and TPLP explain the situation.

*“Every morning at 3.30 am without fail, I wake up and make a report for CM, at 6.00 am I email and SMS (text) all persons in charge” (TPLP- SZ).*

*“Actually they commit to a lot of things. First, in terms of dollar value, we don’t have it. But as I say, they commit to purchase quite a lot of fleet or trailers (car carrier). Actually, they have their fleet. So far I think when they started they have less than five. Then they promised to purchase another 10. They always try to fulfil our demand.....I would say for me I’m still quite satisfied. For example, when we have Eid, you know I need to push my numbers but looking at their product activity they can’t make it. No way they can do it but when we tell them that we want it to be done, so of course we give them some pressure, so they are willing to work 24/7. That is the commitment so that I can get my numbers, so they are willing to work three shifts. Just to help us some of the period” (CM-SBP).*

This is supported with another informant from the CM as below:

*“So far, if let’s say we work from 8.00 am to 5.00 pm, but we need more volume, so they need to extend until 10.30 pm let’s say, so then, at one time, we ask them to work two shifts....they still can do it. So far I could say they are very committed” (CM-MR).*

It is also significant to note, here, that from observations the researcher made during the interviews, the CM kept calling the interviewee from the TPLP side to ask about the status of the car, loading and everything and the interview process kept being disrupted with phone calls. However, from the observation, the researcher agreed to say that the TPLP is really committed to their work and takes care of their client as he would answer every phone call and do whatever the CM asked.

### **5.2.3.3 Power**

The interviewees believe that in any partnership, the customer always controls the relationship where it shows that CMs have more power in the CM-TPLP relationship as they are the customer to the TPLP. As claimed by the CM:

*“TPLP has no control” (CM-SBP).*

At the same time, the TPLP also agrees that the CM has power over the TPLP explaining that:

*“If they said they want a car to be delivered, we deliver....from the business perspectives control, they control and if not we have no business...and sometimes we do have conflict” (TPLP-ZA).*

It is believed that the misuse of power in the relationship between the CM and TPLP, could negatively influence the relationship.

#### **5.2.3.4 Dependency**

In logistics partnership, both parties are, actually, interdependent as each has a strong point. The TPLP has assets and expertise, but needs the CM for their business activity. On the other hand, the CM does not have any expertise or assets, but needs to reduce costs and find an external party to perform their transportation activity. The CM looks at the partnership with the TPLP as a way to improve their logistics efficiency. The interviewee representative of the CM explains:

*“If you talk about the TPLP that we are engaging right now, the strategic point of view is when we start to look at a few angles, one of them is of course financially, where this TPLP helps. The intent is actually to make us more efficient in terms of our stock (car) turnaround. How fast we can get the car from factories to the end users” (CM-SBP).*

Another quote that supports the findings is:

*“We need both parties to survive. We need them badly and they need us” (CM-SBP).*

However, with the factor of dependency and also power in the logistics partnership, it could invite conflicts as claimed by the TPLP in Section 5.2.3.5 below.

#### **5.2.3.5 Conflict**

From the findings, it shows that conflict in the logistics partnership exists because of the failure from the TPLP to fulfil what the CM wants, as stated in the SLA. However, it could be resolved through communication. Partnership is like marriage, it needs tolerance and understanding from both parties. The interviewees explain about the conflict below:

*“Initially we got into a conflict with the TPLP. We received complaints and were slow to resolve. Initially we had quite a lot of problems actually. Then we had a meeting. The meetings were quite regular and we conducted them at the starts, because the system, the quality issue, the people issue that they were having, that is how we helped them actually to develop. For example, the system issue of course in the TPLP, we talked about how the system works and how best for them to integrate..... So, for me, every conflict that we are having we can resolve but normally if they have some big issue, then we normally speak to top management” (CM- SBP).*

The interviewee representative from the TPLP explained that in any partnership it is normal for a conflict to happen. As claimed by the TPLP representative, in order for them to manage conflict with their partner, CM, they always fall back to customer orientation that they practice as they understand any failure on their part will give a negative impact on the CM's reputation. He explained that:

*“When we want to resolve this conflict, there is only one, which is customer orientation” (TPLP-SZ).*

#### **5.2.3.6 Co-operation**

In case study A, co-operation is one of the newly emerged factors in the relational dimension that could affect the success of the logistics relationship between the CM and TPLP as explained by both parties. Therefore, co-operation has a positive impact on logistics partnership success, in which respect, the interviewee from the CM explained that:

*“For me, I'm looking at a mutual co-operation between us and TPLP. Because right now what we are having with them is they are a part of our long-term plan in terms of the way we want to handle the logistics. How we change the business plan previous to now. So I'm looking for full cooperation from them to work in a long journey to our long-term plans” (CM-SBP).*

While the interviewee representative from TPLP explained that they always give their fullest cooperation to their CM with:

*“...for example, in any other case, other companies work after giving a quotation, but in this case, the TPLP do the job first first...” (TPLP-SZ).*

#### **5.2.3.7 Informal Activities**

The findings also indicate that in a logistics partnership, in order to be successful, informal activities between them are also important. This newly emerged theme from the findings shows the importance of this factor in a logistics partnership as a way of showing their respect to the partner. Informal activities between the CM and TPLP could positively affect the logistics partnership success. The CM representative explained that his company also has informal communication/activities with the TPLP, for example, Eid gatherings:

*“We join some informal gatherings...for example, when they have open house, they invite us. When we have open house, we invite them...also; sometimes we have a lot of sports activities with them on and off. We have a football team here” (CM-SBP).*

This is supported by the TPLP:

*“In any celebration, for example, Chinese New Year, we send them oranges” (TPLP-SZ).*

## **5.2.4 LPS Outcome**

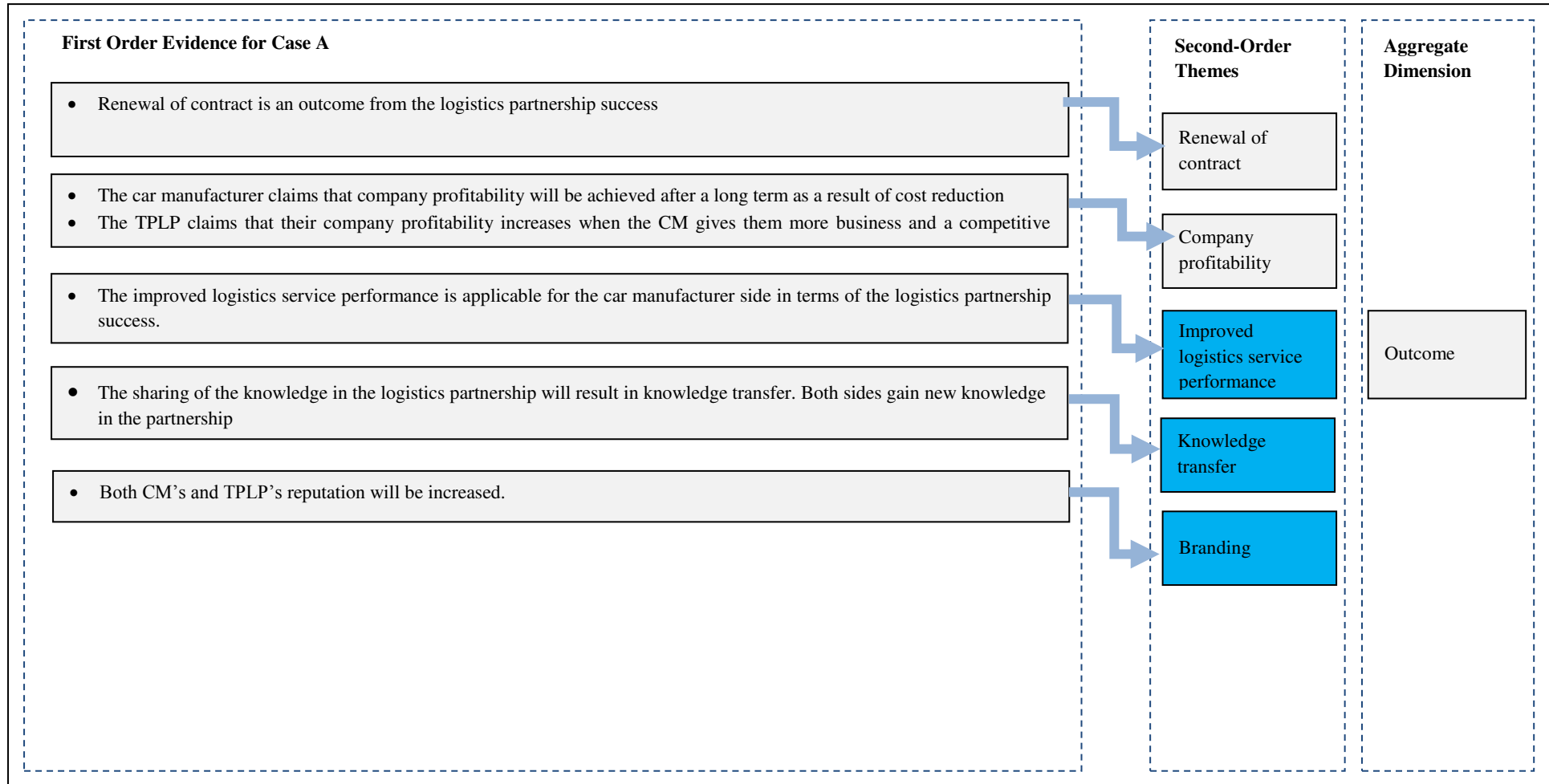
### **5.2.4.1 Success Definition**

In any partnership success, there is always a benefit to both parties as a result of the win-win situation as agreed by the CM representative:

*“I would say right now that both sides will gain something. From our side, we save on costing and quality. On theirs, they have to learn the business, and now they also learn the technical” (CM-SBP).*

In this case study, there are three outcomes identified, namely, company profitability, improved LSP and knowledge transfer as a result of win-win situation in the CM-TPLP relationship as shown in evidence mapping, below, in Figure 5.3. The newly emerging factor is highlighted in blue.

**Figure 5.3:** Evidence Mapping for the Outcome (Case Study A)



Source: Derived from empirical data



#### **5.2.4.2 Renewal of Contract**

The CM interviewee in this case agrees that if the relationship is successful, the contract will be renewed, but success is determined by TPLP performance. This was not an issue discussed in detail by the TPLP interviewee since the relationship was still in its infancy, having only been operational for a year, and essentially still in its probationary period. In this respect, one of the CM's interviewees said that the contract would be renewed if the TPLP showed that it could commit to what appeared in the contract (or known as SLA) between them:

*"I'm still looking at SLA (service level agreement) that they are committing, when they get the contract. I'm still holding to that. So, if you talk about today, I need today to complete 100%, so actually right now everybody we are working together to achieve that goal. So, it is how it builds the relationship"* (CM-SBP).

#### **5.2.4.3 Company Profitability**

The CM representative defines company profitability as a result of cost reductions when they use a TPLP for their logistics activities which, in this research, specifically transportation. Such profitability comes from the savings made by not having to provide in-house logistics, and the ability to concentrate on their core business. One statement is:

*"The benefit for our company is cost reduction"* (CM-MR).

Another interviewee from the CM also supported the claim by saying that:

*"We have cost saving. So, when we sub it out to the TPLP, we get a cheap rate. The cost reduction is on that and for the long term it also helps to improve our company profitability"* (CM-SBP).

The CM also indicate they almost failed in their partnership with the TPLP the previous year when the TPLP failed to perform well as stated in the SLA agreement. He explains that:

*"Actually last year our performance in the market quite bad is because of them...April 2010 we have losses of about 4000 units. We only managed to close at about 9000. That is the lowest for the last calendar year. So, because of that month, for the last calendar year the market has a growth of about 13%, compared year on year. Most of the car makers in Malaysia are growing about 13% to 14%. But we only grew about 7-8%."*

*This is because of the performance logistics by the TPLP. Last year the market share for other CMs is about 31% and for us only about 26%” (CM-SBP).*

It should be highlighted, here, that the company profitability could have been improved if the TPLP could have avoided a mishandling incident during the loading of the cars. As a result, the accident caused a higher premium for insurance even though their loss from accident was covered from a third party company. On the TPLP side, at this stage they could not claim that they are in profit since they have not achieved their break-even yet, the reason being that their partnership with the CM is only about two years in duration; however they agree that they will incur profit as a result of a successful venture in the partnership with the CM. He states that:

*“After these two years, the profitability will increase..” (TPLP-SZ).*

#### **5.2.4.4 Improvement on the Logistics Service Performance (LSP)**

The CM claims that they stand by their end customer. Improvement in the LSP is one of the outcomes of LPS. Thus, the outcome of the partnership success must be related to the improvement on the LSP provided by the TPLP. He argues that:

*“Currently, we still uphold the quality of the car, because I stand for the end customer. I will look at it as a success when first the commitment that they promised, the SLA, is fulfilled” (CM-SBP).*

It is significant to note, here, that they expect the condition of the car to be maintained when they transfer the car to the TPLP for delivery when it reaches the dealer or the customer. This is also reflected in a decrease in the customer complaint index as explained by the CM:

*“Initially, the customer complaint index decreases. Why? Because if you look at JD power survey, two of the most heavy weightages they are having is on the product quality and time delivery. When we started, they were the two ideas that were actually important. So, that will impact our SSI” (CM-SBP).*

#### **5.2.4.5 Knowledge Transfer**

As a result of the partnership success, the interviewees agree that both parties are experiencing knowledge transfer processes, especially on the TPLP side. Therefore,

knowledge transfer is identified as an outcome of the LPS. For example, the CM representative explains how they actually transfer the knowledge to their TPLP:

*“So we are actually building up their skills level... we actually help them to train their people to do the job. Drivers, we also have crash courses for them, and how to learn efficiency driving” (CM-SBP).*

While the TPLP also agrees:

*“As we have long experience with the CM, we are happy with whatever they want and at the same time, as we are new in the outbound automotive activity, we need experience” (TPLP-SZ).*

#### **5.2.4.6 Branding**

There are interesting and significant findings regarding branding. Both parties agree that when the logistics partnership is a success, their reputation will be increased. Therefore, the CM’s and TPLP’s branding will be improved when the CM-TPLP relationship is a success. When the TPLP is excellent in providing logistics service to the CM, it will result in less delivery complaints from the outlet and also from the end customer. Thus, this will increase the CM’s reputation; in other words, it will give a good branding to the CM. The TPLP’s image (branding) will be improved through its being commissioned to provide the logistics service to a large company in the automotive industry. Both parties explain branding as one of the beneficial outcomes from the relationship as indicated by the following quotes.

*“Right now, we are hopefully sales going up this year as delivery has been improved. And this of course is actually talking about branding, its basically impact on this” (CM-SBP).*

The TPLP explains that:

*“When we have success with this outbound experience, it would be a benchmark to the other company with our experience” (TPLP-SZ).*

### 5.2.5 Propositions

It should be noted, here, that based on discussion of the findings in case study A, the researcher is able to determine the effect of each factor found from the findings. To show these affects, a list of propositions for themes explored and newly emerged themes in this case study is documented in Table 5.3. The propositions are based on the data analysis, the evidence mapping of each dimension, and the earlier propositions presented Chapter Three.

**Table 5.3:** The Research Propositions for Case Study A (together with newly emerged themes)

<b>Sub-Propositions and Newly Emerged Themes</b>	<b>Proposition</b>
P1a: Logistics service performance, namely, delivery time, product quality and car carrier can strongly influence the success of the logistics partnership between the CM-TPLP.	<b>Operational</b>
P1b: Investment by the TPLP has a positive impact on logistics partnership success between the CM and TPLP	
P1c: The use of information technology and communication positively influence logistics partnership success between the CM and TPLP	
P1d: Sharing information like production volume and load planning strongly influence logistics partnership success between the CM and TPLP	
P2a: Trust has a positive impact on logistics partnership success	<b>Relational</b>
P2b: Commitment from both the CM and TPLP is significant to affect logistics partnership success	
P2c: Power could influence logistics partnership success between the CM and TPLP	
P2d: Dependency has a positive effect on logistics partnership success	
P2e: Conflict has a positive impact on logistics partnership success	<b>Outcome</b>
P3a: Renewal of the contract is an outcome in the logistics partnership success	
P3a: Improved company profitability is an outcome from logistics partnership success	<b>Newly Emerged Themes</b>
<b>Newly emerged themes</b>	
Price of the logistics service The price of the logistics service could influence the success of the logistics partnership between the CM and TPLP	
Cooperation Cooperation has a positive impact on logistics partnership success	
Informal activities Informal activities between the CM and TPLP could positively affect logistics partnership success	
Improved logistics service performance Improvement on the logistics service performance is one of the outcomes from the logistics partnership success	
Knowledge transfer Knowledge transfer is identified as an outcome from the logistics partnership success	
Branding CM's and TPLP's branding will be improved when the CM-TPLP relationship is a success	

## **5.3 Logistics Partnership Success between a Car Manufacturer (CM) and Third Party Logistics Provider (TPLP): Case Study B**

### **5.3.1 General Information**

The partnership between the CM and TPLP in case study B was established since 1994. Case study B is one of the significant cases that show the strong partnership between the CM and TPLP as they have maintained the relationship for many years. This partnership is based on a two years contract agreement which has been renewed until the present. When signing the contract agreement, the CM set a certain condition for the TPLP to follow. Any failure to follow what is stated in the contract causes a penalty to the TPLP. Also, if there is any continuity of the failure and penalty charge, the relationship will be ended through the termination of the TPLP service. It is explained in this quote:

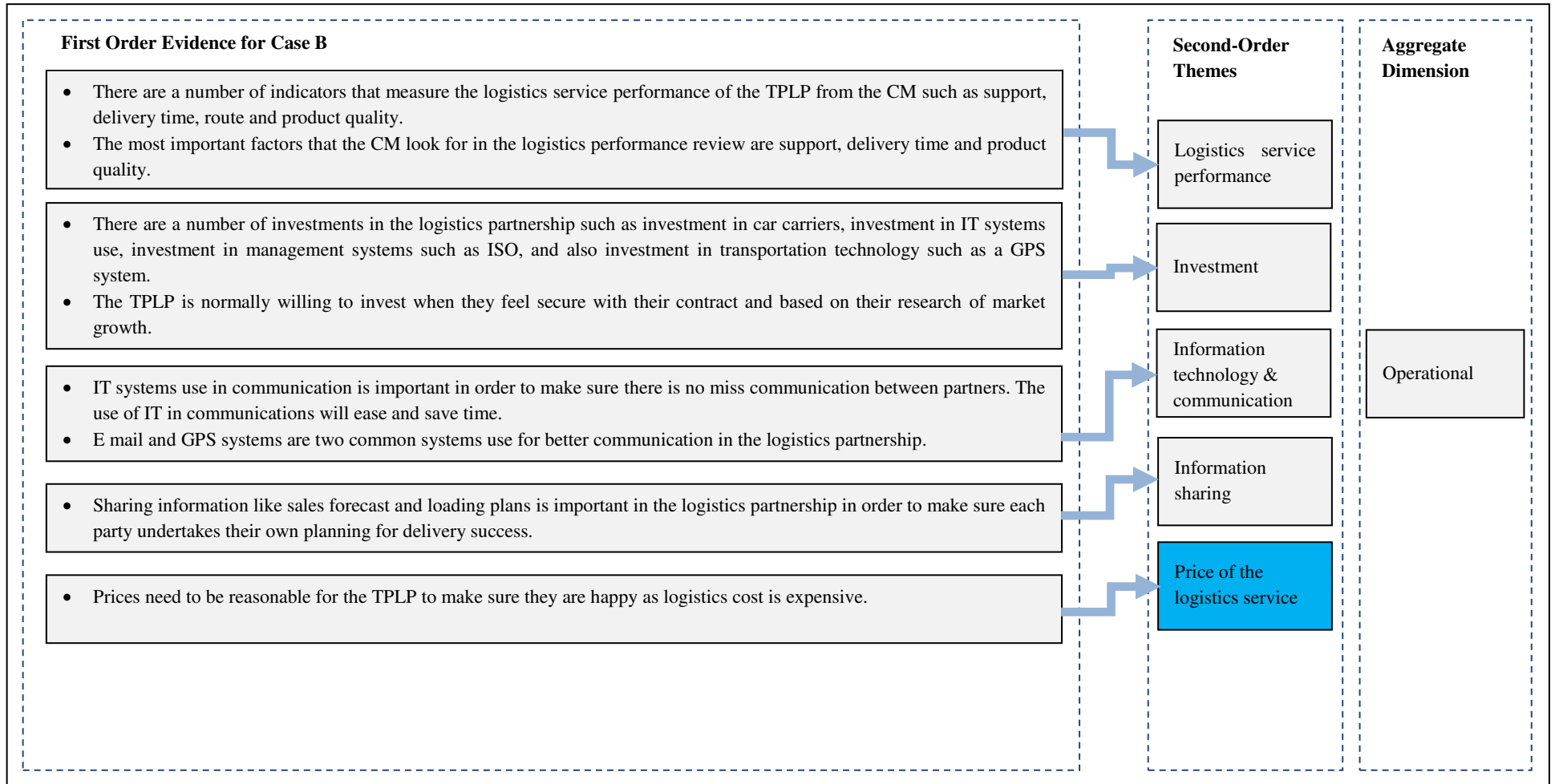
*“It is clearly stated that if they fail to do certain things, we have the right to terminate them. Everything is very transparent in this sense. Of course you cannot terminate them right there as there is a process for it. The first thing we do it is to issue warning letters, then we meet them and give them the chance to explain” (CM- DC).*

However in case study B, both parties agree that they have been in a partnership for more than 20 years and are very happy to work together. All interviewees agree both operational and relational factors are important to the success of their logistics partnership as will be discussed in detail below.

### **5.3.2 Operational Dimension**

All interviewees agree that the operational dimension consists of several factors that affect the LPS in the Malaysian automotive distribution channel. Figure 5.4, below, shows the evidence with regards to the operational dimension in case study B, and the newly emerged factor in blue.

**Figure 5.4:** Evidence Mapping for the Operational Dimension (Case Study B)



Source: Derived from empirical data

### 5.3.2.1 Logistics Service Performance (LSP)

All interviewees representative from this case study (two from CM and one from TPLP) confirm that LSP is vital in the logistics partnership. In order to measure this factor, there are several parameters (known as the logistics service performance review), similar to Case A, and all these indicators are stated clearly in the contract between the CM and the TPLP. In case study B, the review or the assessment is completed on a monthly and quarterly review basis. Should the TPLP fail to comply with all the parameters stated in the contract, the TPLP will be given a penalty; also known as a demerit. This is explained by the CM:

*“If they fail to follow this instruction, we will give them a demerit” (CM- DC).*

Simultaneously, the evaluation will add up all the marks and give a grade between A and F. If the TPLP cannot perform as stated in the contract, the contract will not be renewed and will result in the end of the partnership. They practice that:

*“We assign score cards for their reviews. For every quarterly review, we will call them for a meeting and let them know of their performance, their current status and our take on their performance” (CM-AL).*

As mentioned earlier, there are a number of parameters that are used to measure in the LSP review. It is significant to mention that what has been explained in the interview is validated with this quote during the interview session:

*“If you look here [the evaluation sheet shown to the researcher], this is the criteria section that we use to evaluate them. A is their support services. For instance, they have been asked to provide four long carriers. This means they are expected to show up with four long carriers. Let’s say, they are not able to do that where they can only give us two or three long carriers. This is where we evaluate them in percentages. Support means the number of trucks that they have to provide us as agreed in the contract....., we also have C and D. C is the number of accidents that they get involved with and the scratches and dents that they make or missing items that we hear of when the car arrives at the outlet (dealer). If anything bad happens, they will have to bear the cost as instructed in the contract” (CM-AL).*

From the TPLP perspective, they have their own opinion on how the CM evaluates them and their loyalty since 1994. The TPLP explains:

*“CM has their own key indicators to evaluate us...I think they put quality performances and commitment as priorities in evaluating us” (TPLP–MP).*

It could be concluded that LSP creates trust and success in the partnership. The TPLP believes that:

*“It is no point if you know a person, lobbying for something you could not perform to the fullest and eventually you fail and drag him down with you. Therefore, LSP and practice should be as transparent as possible” (TPLP–MP).*

The paragraph below explains the factors that are included under the logistics performance review in case study B.

**a. Support**

Support is the most important factor in the LSP in case study B. Support, here, means the number of car carriers that the TPLP should provide every day as agreed in the contract of agreement between the CM and TPLP. It is important because, for instance, if the delivery needs to go outstation and not will be back within one day, the CM would not have a problem of the lack of a car carrier. This is what they call regular support. As claimed by the CM representative, the reason why they are loyal to TPLP B, is because they are big players. The CM needs a big player, to avoid the support problem. This is explained below:

*“The smaller players will a have problem in providing us with the right number of trucks. For instance, the contract stipulates that they give us three car carriers. The TPLP has only three car carriers. And when the three car carriers leave for Kota Bharu, they will not be back the next day. So what happens is that tomorrow, we will get zero car carriers. The bigger players, on the other hand, have bigger fleets. Although three of their car carriers go to Kota Bharu today, they will still be able to give us three tomorrow. This is what we call regular support. Because we have about 56-60 loading a day, we need these numbers to be delivered. Small players do not have enough trucks as mentioned before. If they have only three trucks and all three travels far, they will not be able to deliver tomorrow. Our cars will get stranded here, undelivered” (CM –DC).*

The findings from case study B show that support is the most important factor in a LSP assessment as explained by the CM’s representative:

*“The support services are vital because our daily load is abundant. So if they can only give us little support, then we would have to find other contractors” (CM –AL).*



The TPLP has about 50 car carriers and as explained by the CM's representative, the CM asks for 10 trucks/car carriers at a time in the contract, the TPLP is able to provide 20. This is what makes the CM happy to work with the TPLP. As explained by the interviewees, there are two types of car carrier used in this case study: rigid trucks and long trucks. These two types of truck are used for different routes. The smaller, rigid truck can carry about four to five cars at one time and are used within Klang Valley delivery; long trucks which can accommodate eight cars are used for outer Klang Valley which are also known as outstations. The CM explains that:

*"For the mode of transport within Klang Valley, we use rigid as bigger trucks will not be able to access the narrow roads and we use long carriers for outstation trips" (CM-DC).*

#### **b. Delivery Time**

Another measurement used in assessing LSP is delivery time. The delivery load should be delivered within 24 hours. If they take the cars out today, they will have to deliver by tomorrow. That is the deadline given to the TPLP in case study B. Marks will be deducted from the TPLP if they are not able to perform as requested. The Logistics Manager from the CM states:

*"...if they take the cars out today, they will have to deliver by tomorrow. If there is a delay, we will give them a demerit point. This is how we measure their performance" (CM – DC).*

In order to make sure the TPLP can deliver their cars in Klang Valley area in 24 hours, the CM forces the TPLP to leave the loading area as early as 0830 in the morning as explained in below quotes:

*"That's why we insist on them leaving as early as 8.30 a.m. or the latest by 2.00 p.m. A truck can handle up to three trips. For instance, today a truck leaves for Selayang, it will come back to pick up another load to Kajang and go to another closer outlet. It depends on the load. According to our plan, we have arranged that they do one loading which is quite far and one loading for a closer outlet. They will certainly be able to handle these two trips in a day" (CM-DC).*

The findings show that the total load for outstation trips in is around 50-60 loadings where each load consists of about eight cars and takes about two days to send the load to the destination (for example Kota Bharu). It shows that the truck will returns to base tomorrow and the next day, leave for another trip. The turnaround time is a

bit longer. However, sometimes, it does happen that the TPLP cannot deliver on time because of certain problem such as car carrier break down. One of the CM representatives explains:

*“Normally if anything bad takes place during the transfer, the provider or the contractor will bear the cost incurred” (CM –DC).*

From the findings, it is also explains that in order to make sure their dealers and end customer are happy with the TPLP performances in terms of delivery, the CM undertakes an annual survey with all the dealers to see their evaluation of the TPLP as well.

Subsequent to the interview session, the researcher observed many cars in the loading area that needed to be sent out and there were many trucks (car carriers) ready for delivery.

### **c. Route**

Another factor in LSP review is route. Since the CM in this case study is a certified ISO company, it includes the route as one of the parameters in their KPIs for LSP. This means that, as far as possible, the CM avoids passing through restricted areas near schools or hospitals, etc. In turn, the CM requests the TPLP to follow their routes. Any failure to follow the route will result in a penalty as explained by CM’s representative:

*“If they fail to follow this route, we will give them a demerit” (CM-DC).*

### **d. Product Quality**

Another parameter that measures the LSP is the product quality. This refers to the quality of the car after delivery and includes any damages to the car such as dents, scratches, missing items and accidents during delivery or during loading and unloading. However, in this case study, both parties agree that there are not many cases of missing items and hardly any accidents happen. To deal with this, the interviewees explain that:

*“If the cars show signs of scratches or dents, then the issue will have to be settled here first. If the cars with scratches or dents leave this place without letting us know, then the TPLP will have to be responsible” (CM-AL).*

This is similar to another CM’s representative comment that:

*“We rank them by the support given and their KPI demerits, which includes delivery within a specified time. There are also other demerits, for instance, accidents, scratches, dents, and missing items. All these will fit into their performance indicators: A+, A-, and so on” (CM-DC).*

However, the interviewee confirms that although accidents rarely happen sometimes they cannot avoid things like truck breakdown. The CM’s representative explains that:

*“Accidents do occur but quite rarely, not many accidents happen during the transfer... incidents with pebbles on the road, and trees. These are common. We have windows blast or broken into pieces and we even have cases of the upper deck falling, we have cases of car carriers that break down However, if anything bad takes place during the transfer, the provider or the contractor will bear the costs incurred” (CM-DC).*

For this parameter, it could be noted that product quality is also related with the quality of the car carrier and driver itself. The CM discourages the drivers from using certain areas because there are low lying trees and a lot of obstacles which could cause an accident. The explanation is as below:

*“Quality in terms of good car carriers is that there shouldn’t be any breakdowns and the drivers as well. We discourage our drivers to use certain areas because there are low lying trees and a lot of obstacles. If you pass this area and there are scratches and dents and if the drivers are not properly trained, then they will cause an accident. The quality of car is certainly affected. We want to make sure that our drivers are trained about these hazards. We do not allow the drivers to wear watches and rings during the delivery process as these items might cause scratches and dents” (CM- DC).*

Apart from LSP, there are other important factors under the operational dimension that affect the LPS between the CM and TPLP in case study B as explained below.

### **5.3.2.2 Investment**

Investment is recognised as one of the important factors that could influence the success of the CM-TPLP relationship. The CM always looks at how much their TPLP is willing

to invest in order to improve their logistics efficiency and fulfil the CM's needs to the fullest. However, from the findings it shows that the TPLP is willing to invest to expand because they realise that the CM's volume trend keeps increasing. Another attractive reason, found from this research, is that the TPLP also undertake work with other CMs and that is why they are willing to invest not only for their partner, but actually to expand their business. This is explained below:

*“We notice that they have a good network with other car manufacturers as well....although we are aware that they have invested heavily with us, we still take their performance into consideration” (CM- AL).*

It should be noted, here, that from the CM side, even though their TPLP is willing to invest to fulfil the CM's needs, for example, investment in car carriers, the CM always look at the LSP provided by the TPLP as the main factor in evaluating their relationship with the TPLP.

Nevertheless, the CM agrees that the investment made by their TPLP is based on the contract they signed with the CM, in terms of duration; therefore the TPLP is willing to invest more when they feel secure in the contract and the profitability that they might gain from the partnership. One CM interviewee believes that:

*“Usually, when there is no contract, the TPLP will not invest; I think the willingness to invest in the trucks is subject to their contract with us. For car carriers, the operating expenses are quite high. For example, the prime mover costs about 200,000 each, brand new. The trailer will cost about a 100, 000. So, this is quite a high cost of investment for them. ....the TPLP knows our business and we share with them our direction, the number of volume that we are producing on a quarterly basis, so based on the information given, the contractor will invest and expand their business” (CM-DC).*

From the findings, apart from investment in car carriers by the TPLP, the CM also explains that another form of investment made by the TPLP is on the management systems such as ISO (International Organisation for Standardisation). As claimed by the interviewee representative from the CM, the TPLP is a certified ISO company and might be the only provider who has an ISO certification. However, according to the CM, it is not a must in having an ISO in the chosen TPLP, but having ISO shows that the TPLP has a strong financial background and additionally, it supports the TPLP growth. This is explained by this quote:

*“Our TPLP has a certified ISO. I would say this indicates strong financial back up and good management system” (CM-AL).*

Another interviewee from the CM explains the ISO system with this quote:

*“I think TPLP B is the only provider who has an ISO certification. I am not sure about the rest of the contractors. Anyway, we do not impose on the contractors to have ISO certification. It all depends on the provider. We do not insist on ISO. We are allowing you to grow and become established with ISO certification. But it is not policy to make it compulsory to our contractor” (CM-DC).*

The TPLP side also confirms that they are quite happy and proud with the ISO achievement with explains:

*“We are the first car carrier company certified with ISO9001:2008 in this country, and we do not stop there, we keep-on working on our Kaizen concept for continuous improvement” (TPLP-MP).*

The TPLP makes investments in the IT system. It could be emphasised that it is important to the TPLP in order to make sure that they follow the evolution of IT systems to ease their transport activity and to provide the best solution to their partner at the same time, to have a better communication with their partner as with the use of systems, data can be transferred accurately. The TPLP believes that:

*“No transport industry can run away from IT evolution, a Global Positioning System (GPS) is a must by our partners, therefore all of our trucks are fitted with GPS and consistently monitored from our office via LCD flat screen TV and from every supervision notebook. Additionally, we also consistently allocated budget and allocation for all kinds of software development for our monitoring and continuous improvement purposes” (TPLP-MP).*

It should be noted that investment in the GPS system in the logistics partnership between the CM and TPLP is significant as it could help the transportation activity become more smooth as both sides could trace where the car carriers are at any one time. The CM’s representative explains that:

*“TPLP B have a GPS system...when our IO (investigation officer) went to their company in Klang, we noticed that all their trucks are equipped with the GPS system which looks very systematic” (CM- AL).*

Similar findings come from another CM representative who explains that:

*“In terms of loading and allocation for any others days, TPLP B probably knows the size of the loading, the driver on duty and the destination. Everything is probably there in their system..... they have their own GPS system, so the managers can check that the drivers follow the best route” (CM- DC).*

One surprising findings from case study B, is that the TPLP also not only makes investments for ease in their relationship with the CM, they also invest for their drivers’ welfare to ensure their drivers are capable to drive the car carrier safely. They deliver a very high value product, cars, and show their concern for the welfare of the drivers by having insurance cover for the drivers as explained by:

*“They have proper arrangements for their drivers. In fact they take care of their drivers’ welfare” (CM-AL).*

### **5.3.2.3 Information Technology (IT) and Communication**

The key TPLP informant highlights that IT is used as a medium to send a report and communicate with partners. The TPLP representative supports this information with this quote:

*“Communications are conducted via both IT systems such as email, telephone (hand phone) and also via letter. We communicate with phones, email and GPS report for the truck movements. I believe it helps both parties to work more efficiently” (TPLP-MP).*

The use of IT systems in communication helps them in avoiding miscommunication compared to manual communication, mouth-to-mouth communication. As claimed by the interviewees, there is miscommunication sometimes which they resolve as quickly as possible. This explained in the following quotes:

*“Sometimes, there is miscommunication” (CM-DC).*

As this is undeniable apart from using IT systems in communication, face-to face meetings are also important in the CM-TPLP relationship. This is explained with:

*“In terms of meetings, every month we will send them our reports. Apart from dealing with them through e mail and faxes, we do meet on a quarterly basis” (CM-DC).*

What is more, as discussed above, the use of a GPS system is vital in terms of transportation activity in the logistics relationship between the CM and TPLP. It should be noted, here, that in certain emergency or urgent cases, they do not need IT systems to

better communicate with their partner; here phone calls are much more important. For example:

*“We usually ring them up if there is anything urgent. If they have urgent cases like their truck breaks down, they will also call us up” (CM-DC).*

To conclude, IT is important to reduce inaccurate data transfer but communication without IT, for example face-to-face meeting is also important in this partnership.

#### **5.3.2.4 Information Sharing**

Both parties agree that information sharing is important for LPS. From the analysis, both parties agreed that not all information can be shared. Importantly, to have a successful logistics partnership between a CM and TPLP, sharing the information such as sales forecasts and loading plans is essential as explained from this quote:

*“We do share information with our TPLPs, but not all... So far, we give them updates on operation hours and activities which we communicate to the person-in-charge here. Usually we share information on sales forecasts and loading plans. During quarterly meetings, for the performance evaluation, we will inform them about our direction, what we hope to get from them, what our next quarter production is like and what they should do or supply” (CM-AL).*

A similar answer is provided by another CM representative:

*“The TPLPs know our business and we share with them our direction, the number of volume that we are producing on a quarterly basis. So based on the information given, the contractor will invest and expand their business... We email the operation people if there are any changes. At the moment, we do not have any specific system. This is how we share information and they show their support to us. We conduct workshops. And we share the operation information” (CM-DC).*

Similarly, the TPLP also agrees that information sharing will make the partnership go easier. This quote explains the situation:

*“It will be very helpful for our planning purposes should information been known very much earlier” (TPLP-MP).*

### **5.3.2.5 Price of the Logistics Service**

The price of the logistics service emerged from the empirical field. Similar to the argument in case study A, all interviewees in case study B agree that price of the logistics service is also important for the LPS between a CM and TPLP, especially from the TPLP perspective. Therefore, the price of logistics service could influence the success of the logistics partnership between the CM and TPLP. The TPLP representative is looking for a ‘good’ price from their partner, the CM, as their assets are costly and they make a very large investment. On the other hand, the partner CM always wants to reduce cost which, in turn, means a non privilege amount to their TPLP. However, the CM understands the situation that the TPLP is having where everything is very costly to them. It is explained with:

*“Our rate must be good enough for TPLP to be interested in supporting us (CM-DC).*

It should be highlighted, here, that from the findings, the price of logistics service in the automotive industry for outbound logistics actually depends upon the destinations and trucks (car carriers) where the TPLP is assigned to go as explained by this quote:

*“The price is different between long truck and rigid truck use. For example for rigid trucks, we usually pay RM450 per trip...for longer trucks the rate would depend on the destination especially because it would be an outstation. Outstation, here, means out from Klang Valley” (CM-AL).*

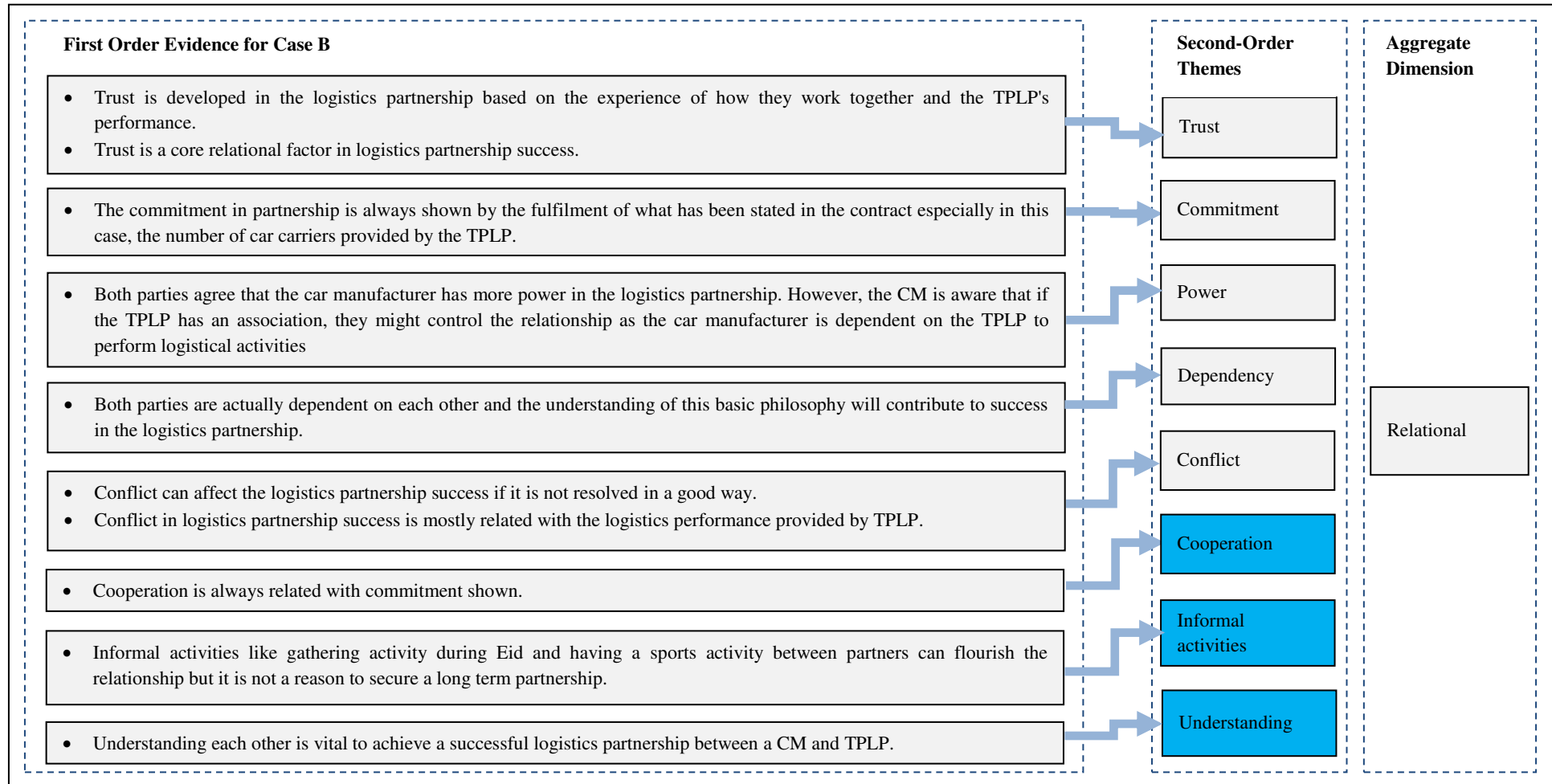
Moreover, the TPLP explains that they cannot increase the price easily as the rates have been agreed upon and already noted in the contract.

### **5.3.3 Relational Dimension**

With regards to the relational dimension in case study B, there are a number of evidences that represent relational dimensions, as illustrated in Figure 5.5, which also shows the newly emerged factor for the relational dimension in blue.



**Figure 5.5:** Evidence Mapping for the Relational Dimension (Case Study B)



Source: Derived from empirical data

### 5.3.3.1 Trust

The CM trust their partner (TPLP) based on their experience of working together. In this case study, the CM has a long-term relationship with their TPLP since 1994. From the findings, the reason for the long-term relationship with this TPLP is because they trust this TPLP based on the TPLP's performance and the CM's comfort level with the TPLP. The quote, below, from the CM representatives explains the trust in the partnership:

*“So far, we have been working with this TPLP since 1994. We are quite comfortable with them because they have provided good support services. Besides that, I am of the opinion that had I decided to get a new TPLP, I wouldn't be so sure how the new TPLP would perform. That is one of the reasons why we prefer to maintain our contract with existing TPLPs. It is not just a matter of the length of time that we have been together but also because we are familiar with their performance and the way they get things done. We trust them.... Well, when we trust them with the loading and they do the delivery, safe and sound and according to the agreed time. It is as simple as that. That's how we develop our trust” (CM-AL).*

Another interviewee representative from the CM also has the same sentiment with this quote:

*“So when you talk about trust, there is no hanky-panky in that sense. It is more like an open Q and A session where we share and provide feedback.... If the TPLPs can support us, we will trust them more” (CM-DC).*

It is also been proven by the TPLP representative with this quote:

*“I believe our persistent; consistently understand each other need, strength and constraints have developed trust with this CM. I do not believe through lobbying if you cannot perform.... We strongly believe that continue trusting each other, according each other with full commitment and provide full cooperation to your fullest are the more relevant relational factors in today business success” (TPLP-MP).*

### 5.3.3.2 Commitment

From the findings, commitment is validated as another important factor in the logistics partnership. The commitment shown by the TPLP will reflect in how they really take care of their customer, the CM. The CM in case study B has so far agreed that their TPLP always shows their commitment and this is one of the factors why they can maintain their long-term partnership. The CM believes that:

*“When they follow what we have laid out in the contract. If we asked for four trucks, then they would have to provide us with four trucks. Whatever the condition is, they must make arrangements as we have agreed. Sometimes, we do ask for additional last-minute, urgent delivery. So far, they have been able to fulfil our demand. One more thing, when they are required to provide us with 10 trucks at a time, but they have been able to provide us with 20. It all depends on their loading. This indicates their commitment to us..... they show their commitment by increasing the number of trucks” (CM-AL).*

Similarly, the TPLP also agrees that their partner, the CM shows their commitment and so far they have no problem with the CM:

*“As far as we know, this CM gives full commitment and cooperation to those who are doing the same to them—like us. We have no questions on their commitment and the cooperation afforded to us, and hope that these factors maintain forever” (TPLP-MP).*

### **5.3.3.3 Power**

With regards to the factor of power, both CM and TPLP agree that the customer, the CM, is more dominant in the relationship; thus having more control or power in the relationship. The CM claims that they actually find solutions to problems professionally if there are any; they do not really use their power. The CM believes that:

*“The car carriers only do the transportation as instructed...we are dominant because we are the customer. We have been treating our TPLPs equally. We go to the extent of sharing their performance so that they aware of their benchmark” (CM-AL).*

However, another interviewee representative from the CM claims that the TPLP will have more power in the relationship if there is a strong association among TPLPs as claimed with this quotation:

*“If they (TPLP) form an association and they decide to boycott us, then we will be in trouble. For haulage or containers, they have their own association. So they are able to determine the rate. If the clients do not pay the agreed rate, they will not deliver their services. This case, however, is different. They have to remember that our company holds the largest market in the automotive industry. So, if they do not work with us, would they be able to sustain their business operation...We have quite a huge volume. When this happens, the ROI will get stuck and they might not be able to continue in this business... If the TPLP do not support us then we will be in trouble. It seems that they have more power...definitely more” (CM-DC).*

The TPLP, meanwhile, believes that the CM has more power in the logistics partnership as seen in this quote:

*“The manufacturers have the dominant say they have the authority to hire and fire!” (TPLP-MP).*

From the findings, it could be concluded that in logistics partnerships between CM and TPLP, both parties are inter-dependent and, therefore, both seem to have power in the relationship. Nevertheless, in order to have a successful relationship the use of power is not really good as it could bring negative affects if it is not used in an appropriate manner.

#### **5.3.3.4 Dependency**

From the findings, the CM agrees that they are actually dependent on the TPLP in terms of costing and logistics asset as explained from this quote:

*“In terms of costing, we have to be dependent on our TPLP because we do not have facilities or enough manpower” (CM-AL).*

Another interviewee confirms that:

*“We depend on them because they give us 100% business opportunities. I mean, they provide us with 100% support. If they do not support us, then we will have a problem with delivery. I think our companies will not invest in car carriers because we are not a logistics company. We are a car manufacturer. Our main core business is to produce cars” (CM-DC).*

The TPLP explains that the TPLP, too, is dependent on the CM as they have the power to choose which TPLP they like to conduct their logistics activities. It is explained with this quote:

*“Frankly, the CM have the right to choose their TPLP, I guess we need or are dependent on them more than they are dependent on us” (TPLP-MP).*

This factor is recognised as one of the successes in any logistics relationship as they need each other.

#### **5.3.3.5 Conflict**

In case study B, all interviewee representatives agree that they do not have any big

conflict but agree that conflict could affect the successful nature of any partnership. From the findings, it should be highlighted that conflict could exist when the TPLP does not do what has been agreed in the contract and also when the CM receives a complaint from the car dealers about the TPLP. However, if the conflict is related to LSP, it can usually be resolved by the TPLP aligning their improvement to their CM's requirements. The quote below describes conflict:

*“So far, we have not come across any conflicts...perhaps what we call penalty is a form of conflict. Those who cannot perform, who are supposed to provide us with enough trucks will be penalised. Well, we do tolerate if it is not often” (CM-AL).*

However, if the conflict occurs when an outlet complains to them about certain unsatisfactory things from the TPLP, the CM will investigate this. The CM clarifies this:

*“The problems that we have usually come from our own outlets who would complain to us about certain things, such as an issue with the driver. Usually we would listen to both sides of the story. We will meet the TPLP and get their clarification about their problematic driver. I will ask for their feedback. If it is indeed the driver's fault, I would get his assurance that he will not repeat his mistakes. A good example is about late delivery to the outlet. Let's say this particular outlet complains that this driver is always late. He will only call when he is about to arrive which is usually pretty late, at about 7 p.m. when the outlet is already closed by 5 p.m. The person-in-charge will have no choice but to go back to the outlet to receive the cars. The driver should have informed beforehand that he will be delayed” (CM-AL).*

It could be noted that in the logistics partnership, conflict is normally resolved with a meeting or discussion between the CM and TPLP. The CM believes that:

*“So far, if they are unable to support us, we will ask them to give us a show cause letter and we invite them to come for a discussion. This is how we manage conflicts” (CM-DC).*

The TPLP statement policy on conflict and how to go about being successful in a logistics partnership is to always listen to what the customer wants as they are the customer to the TPLP. This quote clarifies the statement:

*“Thank God, I believe up to date we haven't faced such a situation (below expectation), however to any players if they do face such a situation I personally think they will have a conflict. Bear in mind, basic business law is that 'Customer is always right', hence there is no point to set a conflict and to simply accept your weakness and look for continuous improvement ingredients” (TPLP-MP).*

As a conclusion from this finding, it could be said that conflict could influence the success of the LPS and if it happens, they need to resolve the problem if they have any.

### **5.3.3.6 Co-operation**

Co-operation in a logistics partnership is recognised as always coming with commitment by both parties in the partnership. Therefore, co-operation has a positive impact on logistics partnership success. Both parties agree that they have so far no problem in giving cooperation to each other and this is vital in the factor that makes them long-term partners in the relationship. The following quote explains the cooperation in the logistics partnership in case B:

*“The contractor has continued giving us their support until today” (CM-AL).*

Also:

*“As far as we know, the CM gives full commitment and cooperation to those doing the same to them—like us. We have no questions on their commitment and the cooperation accorded to us, and hopes that these factors maintain forever” (TPLP-MP).*

### **5.3.3.7 Informal Activities**

In this case study, the CM agrees that informal activities are important to flourish the relationship with partner. Therefore, informal activities have a positive impact on logistics partnership success. In case study B, informal activities are related to activities like gathering during Eid and also having sports activities together as described in this quote:

*“Sometimes we do hold some sport activities. But this is not often... Also, during Chinese New Year, we get mandarins from them. This is normal. Even the outlets give us mandarins” (CM-AL).*

The CM mentions:

*“One more thing that I need to mention, we also have informal meetings with them. For instance, we have Iftar events when our TPLP will invite us. They usually entertain us. But once, we did hold an event and invited our TPLP to come. Usually we invite everybody including our vendors” (CM-AL).*

However the TPLP representative assumes that the informal communication purpose is more about lobbying. However, even though they do some kind of lobbying they believe that the partnership success is not because of informal activities but based on their excellent performance as proven with this interesting quote:

*“I do not believe through lobbying if you cannot perform” (TPLP-MP).*

### **5.3.3.8 Understanding**

An understanding of each party by the other is important in making the partnership a success. In case study B, the CM agrees that they would understand if the TPLP faced any untoward problems. It is clarified with this quote:

*“They need to be frank with us when they face abnormal situations such as if they are not able to deliver the cars. They have to inform us earlier. This is communication. So far, we do not have much problem. We understand each other” (CM-AL).*

With regards to the high cost in performing logistics activities, the prices rate that the TPLP obtains from the CM may not be adequate to cover operations. However, the CM understands should the TPLP need to gain extra jobs from other CMs as long as it does not affect the logistics timetable with the CM. This quote explains the situation:

*“We do not mind them carrying other manufacturer’s cars on their way back as long as they do not interfere with our delivery time” (CM-DC).*

Furthermore, the TPLP argues that both parties need to understand their roles and responsibilities and also the constraint that each partner faces. If both parties have this kind of understanding, the partnership will be a success as explained below:

*“Amongst others, both parties are to continue to understand both party strengths and constraints...I believe our persistent; consistently understanding each other’s needs, strengths and constraints has developed trust with this CM and other partners....normally, we the TPLP are doing the job more and being condemned more and they are getting all the good name if we are the successful TPLP” (TPLP-MP).*

### 5.3.4 LPS Outcome

As when the partnership is a success, there must be a win-win situation where both parties gain benefit from the partnership. The CM believes that so far, their logistics partnership is a success as described with this quote:

*“Our TPLPs do not have any issues with us, so I see this as a successful relationship, a win- win situation for both of us. They fulfil our requirements and on their part, they do not have any problems with us. In the future, if we wish to assign a special event delivery, we could trust them with the responsibility; we will take your contribution into consideration and put you on top of our list” (CM-AL).*

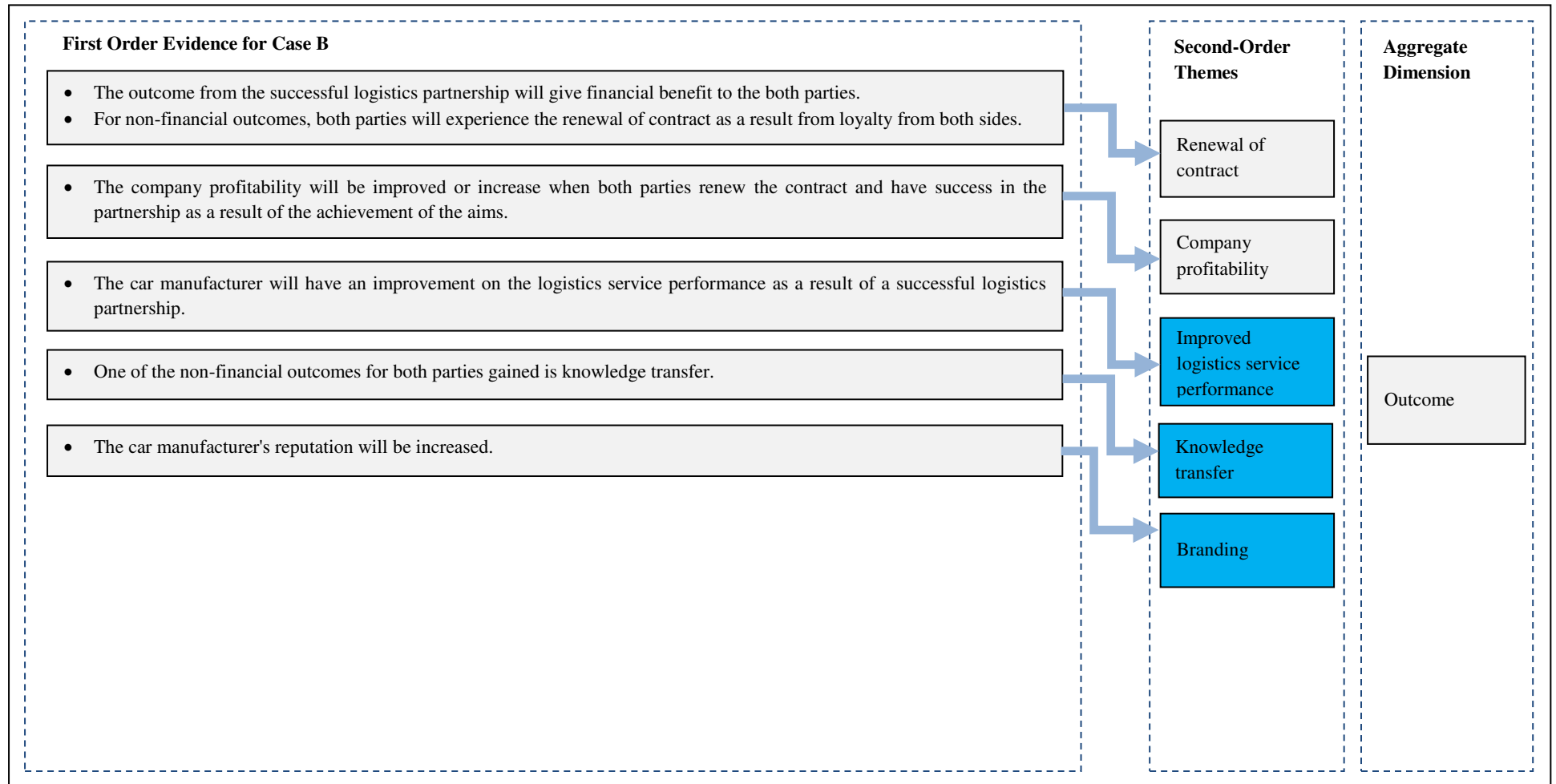
On the other hand, the TPLP explains that success in a logistics partnership means when they are able to perform well for their partner. The TPLP clarifies:

*“When we provide good services, then we see it as a success” (TPLP-MP).*

Figure 5.6 below shows evidence from the findings about the outcome dimension in case study B, with the newly emerged factor highlighted in blue.



**Figure 5.6:** Evidence Mapping for the Outcome (Case Study B)



Source: derived from empirical data

#### **5.3.4.1 Renewal of Contract**

One outcome found from case study B is renewal of contract as a result of the CM's loyalty to the TPLP. This quote proves this:

*"We have not yet changed our TPLPs... So far, we have been working with this TPLP since 1994. We are quite comfortable with them because they have provided good support services. Besides that, I am of the opinion that had I decided to get a new TPLP, I wouldn't be so sure how the new TPLP would perform"* (CM-AL).

Another interviewee representative also supports this agreement, saying

*"After two years, we will renew their contracts. This TPLP have been with us for more than 10 years"* (CM-DC).

This outcome is for the TPLP side. However, from the findings, it also clarifies that if there is a breach, the contract will be ended after some action being taken. The CM explains that:

*"Those who cannot perform will have to send us a show cause letter and we also evaluate them. Normally, if they continue not to perform after getting warning letters from us, we will terminate their service"* (CM-DC).

#### **5.3.4.2 Company Profitability**

Both parties are expected to gain profits as a result of LPS. The CM will benefit by reducing their logistics cost and the TPLP will profit with more business opportunities from the CM. The TPLP explains that the ultimate aim of their partnership is to gain as much profit as they can. The interviewee representative from TPLP states that:

*"Success or failure of your relationship with your clients/partners actually from my point of view does not matter. Stakeholders' ultimate aims are to gain as much profits as possible, thus if you fail the business because of your relationship failure or any other reasons whatsoever, they will still consider that you are a failure"* (TPLP-MP).

While, on the other hand, the CM claims that success for the TPLP is when they give more business to the TPLP:

*"We will give them more business opportunities"* (CM-AL).

This means that the TPLP will have a chance to increase their company profitability. Another quote that explains how the TPLP can increase company profitability when the partnership is success is:

*“So, on the logistics provider’s side, they will get to do more loading which translates into more business opportunities. When their business expands, they will gain more profit” (CM-AL).*

This is also supported with another interviewee representative from CM saying:

*“Obviously, multiple trips that you get on a daily basis will help you grow faster...we prefer the bigger players. I think the bigger players do more trips and more trips means more money...ultimately, when you give us more car carriers, you will be able to do more trips and you will get more profit” (CM-DC).*

This quote explains how the TPLP increase company profitability when their relationship with the CM is success.

The TPLP’s interviewee representative also describes that they need the CM to earn profit as the CM is their client in the logistics industry:

*“Our business principle with our partners is simple. If they look good, we also look good. Through this simple principle, we will also work towards providing the best to our partners so that they will do good (sell more) and on the domino effect we also have more loads to deliver/carry. However, if they do not sell their products well, we will face shortage of cargoes to deliver/carry and eventually both parties will die off” (TPLP-MP).*

#### **5.3.4.3 Improvement on the Logistics Service Performance (LSP)**

From the findings, it also shown that when the CM’s relationship with the TPLP is a success, the CM experiences an improvement in the LSP. Therefore, improvement in the LSP is an outcome of LPS. It is explained with:

*“Apart from that, we can also improve our customer’s satisfaction index. From the customer’s point of view, our outlet is our customer, they will know that we handle our distribution well and the delivery service is also a plus” (CM-AL).*

#### **5.3.4.4 Knowledge Transfer**

Apart from financial performance, there is also non-financial performance such as knowledge transfer that can be gained as a result from the LPS in the automotive industry. Therefore, knowledge transfer is identified as an outcome of LPS. It is explained from the CM's perspective with the quote, below, which describes how they obtain benefit from this logistics partnership:

*“Last year we visited this TPLP and we observed their system, we try to implement the good ones that we observe and try to apply to our company... It could be anything: the system or procedure. They are willing to share. This sharing goes both ways. Whenever we hold training, we will invite them (TPLP). For example, when we held the deficiency driving training last year, we asked them to come” (CM-AL).*

Importantly, the TPLP also experiences knowledge transfer:

*“We conduct courses on safety training for drivers. We organise the courses and we get our TPLPs to send their people. Every driver must participate in this training” (CM-DC).*

It is agreed from the TPLP side:

*“Apart from businesses success and income we earn, we also learn a lot of new things which also teaches us to improve ourselves. It is from these factors that make us to be the benchmark of the TPLP Industry in the country not because of the volume of our fleet (I think we are around 3rd or 4th position) but because of our approach in running this business where we emphasises on quality and not quantity” (TPLP-MP).*

#### **5.3.4.5 Branding**

There are interesting and significant findings regarding branding. Both parties agree that when the logistics partnership is a success, the CM's reputation will be increased. Therefore, the CM's branding will be improved when the CM-TPLP relationship is a success. When the TPLP is excellent in providing logistics service to the CM, the CM will have no problem since it results in less delivery complaints from the outlet and also from the end customer. Thus, this will increase the CM's reputation; in other words, it will give a good branding to the CM. Below, quotes from both parties explain branding as one of the outcomes.

*“So if the delivery is good, they will back us up. Our reputation is maintained. Not the transporter. They will recognise that our company provides good services to both outlet and the final customers” (CM-AL).*

*“They help us promote our brand” (CM-DC).*

The TPLP representative also explains:

*“Normally, we the TPLP are doing the job more and being condemned more and they are getting all the good name if we are the successful TPLP” (TPLP-MP).*

### 5.3.5 Propositions

This list of propositions is developed according to the data analysis (from the semi-structured interviews, observation, photographs and document review), and based on the propositions in Chapter Three.

**Table 5.4:** The Research Propositions for Case Study B (together with newly emerged themes)

<b>Sub-Propositions and Newly Emerged Themes</b>	<b>Proposition</b>
P1a: Logistics service performance, namely, delivery time, route, product quality and driver skills positively influence the logistics partnership success between the CM and TPLP	<b>Operational</b>
P1b: Investment by the TPLP have a positive impact on the logistics partnership success between the CM and TPLP	
P1c: The use of information technology in communication has a positive impact on the logistics partnership success between the CM and TPLP	
P1d: Sharing information like sales forecasts and load planning has a positive impact on the logistics partnership success between the CM and TPLP	
P2a: Trust has a positive impact on logistics partnership success	<b>Relational</b>
P2b: Commitment from both the CM and TPLP is significant to affect logistics partnership success	
P2c: Power could influence logistics partnership success between the CM and TPLP	
P2d: Dependency could influence logistics partnership success	
P2e: Conflict has a positive impact on the logistics partnership success	
P3a: Renewal of the contract is an outcome in the logistics partnership success	<b>Outcome</b>
P3b: Improved company profitability is an outcome from the logistics partnership success	
<b>Newly emerged themes</b>	<b>Newly Emerged Themes</b>
Price of the logistics service Price of logistics service could influence the success of the logistics partnership between the CM and TPLP	
Cooperation Cooperation has a positive impact on logistics partnership success	
Informal activities Informal activities has a positive impact on logistics partnership success	

Sub-Propositions and Newly Emerged Themes	Proposition
Understanding Understanding each other has influence on the logistics partnership success	
Improved logistics service performance Improvement in the logistics service performance is an outcome from logistics partnership success	
Knowledge transfer Knowledge transfer is identified as an outcome from logistics partnership success	
Branding CM's branding will be increased when the CM-TPLP relationship is a success	

## 5.4 Logistics Partnership Success between Car Manufacturer (CM) and Third Party Logistics Provider (TPLP): Case Study C

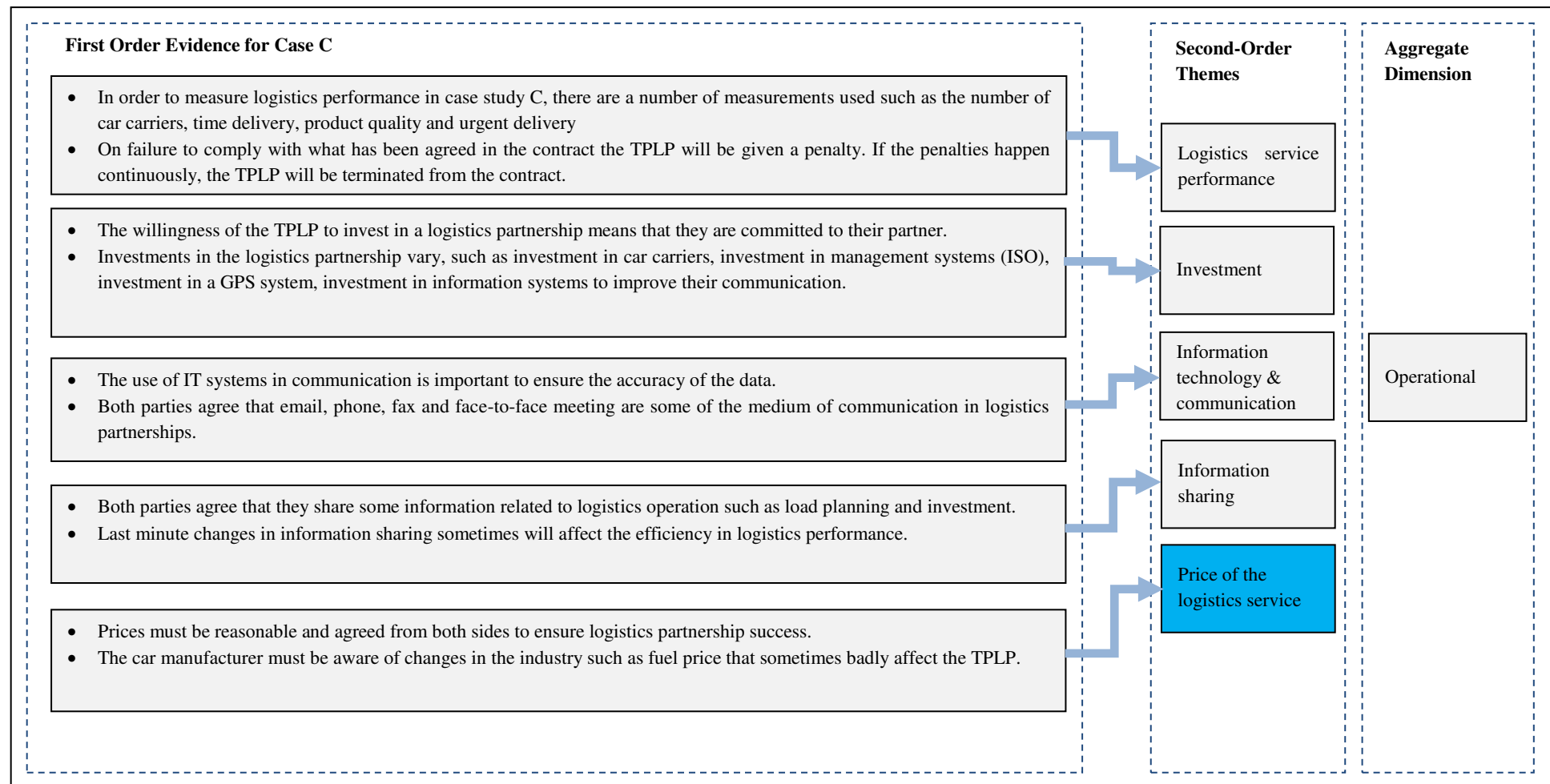
### 5.4.1 General Information

The relationship between the CM and the TPLP in case study C was established about 10 years ago. All interviewee representatives (one from the CM and one from the TPLP) agree that both dimensions (operational and relational) are vital for LPS.

### 5.4.2 Operational Dimension

There are several evidences that clarify the operational dimension in case study C. Figure 5.7 explains the factors of the operational dimension which are vital for LPS between a CM and TPLP, and shows the newly emerged factor for the operational dimension in blue.

**Figure 5.7:** Evidence Mapping for the Operational Dimension (Case Study C)



Source: Derived from empirical data

### 5.4.2.1 Logistics Service Performance (LSP)

As in other case studies, the interviewees in case C confirm that a review of the LSP provided by the TPLP has a significant effect on success in a logistics partnership. As this partnership is also contract based, similar to cases A and B, all agreement about the logistics performance measurement are explained and stated in the contract which both parties signed. This means that the TPLP must provide what has been agreed in the contract to avoid penalties resulting from failures to do what has been stated in the contract. What is explained by all interviewees provides worthy data to explain the logistics partnership between a CM and TPLP. From the findings, it could conclude that the CM, however, was actually not really happy with the TPLP's performance even though they have been together for a long time. Even when they were given a penalty as a result of non-compliance to what has been stated in the agreement, it seems there is no effort or improvement on the part of the TPLP. The CM provides the explanation about this as below:

*“This is where our problem lies. Now that we have begun to have our plan, we cannot keep still. Our TPLP needs to make a move and we have discussed this with our CEO and we have agreed that we cannot tolerate this kind of attitude. We are going to call our TPLP and have a mutual agreement with them. We are going to ask them to tell us how much they are willing to commit. How many trucks are they going to give us per day? If they fail to meet our demand, we will penalise them. Being penalised means we are going to stop using their services and get another TPLP to work with us.....But with our TPLP, we notice that they have been static with no growth. I have to do something like giving them penalties for not being able to serve us as agreed... But when they are able to meet our demand, it benefits us because they are able to cope with our target. But when they fail, this will affect our business. That's why I have to penalise them. In order not to be penalised, they will have to improve their efforts. So that both parties will achieve a win-win situation” (CM-HN).*

In this case, the performance is being measured on a monthly and yearly basis. The CM explains that:

*“We will observe their performance every month and we evaluate them every year. The first thing that we observe is how they plan and how they actually deliver” (CM-HN).*

There is more than one parameter to measure the LSP as described below.

#### a. Car Carriers / Trucks

In case study C, the most important parameter in LSP review is the number of trucks, also called car carriers. In their plan, the TPLP needs to give a certain



number of car carriers every day based on the required plan. This is important as it is related to the leading time. For this car carrier, this has been explained in the contract between both parties and is clarified below:

*“This means that today, for instance, in our plan they are required to give us 20 car carriers as the factory here will release cars. And we also need 20 trucks for tomorrow, so they will have to send out 20 trucks” (CM-HN).*

**b. Delivery Time**

The next parameter is the time taken to deliver the car to the dealers as explained by the CM:

*“Next is the time taken to deliver since we have to follow the allotted time frame” (CM-HN).*

For delivery, the CM expects the TPLP to deliver the car within 24 hours but sometimes the TPLP could take approximately 48 hours for delivery due to certain reasons such as car carrier breakdown, driver sickness and any other factors such as explained below:

*“According to our agreement, for instance, we expect them to take about 24 hours to transport cars from Gurun to Johor. Can they meet this target? Sometimes, they take over 48 hours due to many reasons such as having truck break down, the driver is sick and many others” (CM-HN).*

However, the TPLP explains that the delivery time is different for location. He explains that:

*“For instance, if we get the cars today; the cars will be delivered by tomorrow. 24 hours delivery for the whole of Malaysia. If it is Johor, we will take two days to transport the cars. If it is Kedah, we can get the cars delivered today because the factory is in Kedah. Well, the location is important as well. For cars heading to the East Coast, if they are from Gurun, Kedah, the delivery will get there tomorrow” (TPLP-AS).*

From the findings, the delay is because of the drivers themselves, who start late with the delivery and also because of car carrier breakdown. The delay will make the dealer and also the end customer unhappy and cause complaints. As explained by the CM:

*“Usually, the problem we face is with the customer. The customer is not happy because of the delay” (CM-HN).*

**c. Urgent Delivery**

There is also sometimes urgent delivery which is not included in the planning. This is the third parameter how the CM evaluate the TPLP performance in case study C. The CM clarifies that:

*“The third factor is how quick do they take to respond to our request? This refers to some urgent job that we need them to do, for example, sometimes we ask for 20 trucks when the factory produces more and the sales demand is high. We would need more trucks from them and we observe how committed they are. This is one of the main factors that we see” (CM-HN).*

**d. Product Quality**

Another parameter is the quality of the car. Every CM is serious about this issue similar to cases A and B, which emphasises the car received by the dealer must be in the same quality as the car being produced, as explained by the CM:

*“For me, the most important factor is the transfer of goods...I want my goods to be in the same condition when they get to my dealers” (CM-HN).*

In order to make sure that there is no simple defect to the car because of the driver, the CM have set the rule that the drivers of the car carriers are not allowed to wear any jewellery such as rings to avoid any defect to the car like scratches. Additionally, there are defects to cars because of accidents that occur during delivery. These factors affect their marks in evaluation. This is explained by the CM:

*“One more factor that we see in the evaluation is the quality of the car. With cars, there are certain standards that they comply with” (CM-HN.)*

It is also confirmed from the TPLP side:

*“The drivers are not allowed to wear rings and jewellery” (TPLP-AS).*

### 5.4.2.2 Investment

It is significant to note that investment is also one of the important factors in the operational dimension in order to provide excellent logistics service to the CM. Both parties agree that the investment in a logistics partnership is focused on several things such as investment in car carriers, IT systems, transportation systems and also management systems like ISO. All interviewees agree that investment in car carriers needs to be made by the TPLP as they should be in tandem with the increasing number on the demand and sales forecast. As explained by the CM, the number of car carriers at the moment that are owned by the TPLP will not be able to cope with future cars produced. The interviewee from the CM describes:

*“Our most worrying problem is that we are concerned that they might not be able to cope with our increasing demand. Previously, we only sell about 6000-7000 cars per year. Then we begin to witness an increase by selling about 10,000-11,000 cars per year. Our current target is 18,000 cars. Next year, it will be 26,000 cars and the following year would be 44,000 cars” (CM-HN).*

However, the TPLP is aware that they have a shortage in the number of car carriers and now they are in the process of buying circa six more car carriers to support their CM. The interviewee from the TPLP explains that:

*“For now, we are preparing working paper to get at least six more car carriers together with permits” (TPLP-AS).*

According to the TPLP side, the investment they make is actually dependent upon market too. He said that:

*“The fact is we do not have a big market in Malaysia...Market wise, the transport is seasonal. This is why we do not invest that much” (TPLP-AS). He added that “the investment made by the TPLP is based on the CM’s forecast” (TPLP-AS).*

Both parties agree that the TPLP have invested in an ISO system in order to make sure that their management system is good. The TPLP have invested in the GPS system for their car carrier. It is important for the TPLP should they need to explain to the CM where their cars are at any time. This is also important to make sure the drivers follow the right routes and do not run errand during the delivery process. The interviewee from the CM explains that:

*“Our TPLP has a GPS system for their trucks. So they know whether their trucks are in action, the location of their trucks and all. I cannot check this. But their transport manager has the authority. I have seen how the system works when I checked out the manager’s computer. They have 22 trucks. So he can check the blinking lights on his system. You know, the number of trucks moving, stopping, or engines running but not moving. The manager can calculate all these. Say, he can ring up truck no 8 and ask the whereabouts of the truck. If the driver lies and says that he is on the way and at this place called, Aman, then the manager would know. These drivers are not aware that their trucks are installed with a system that can trace their whereabouts. If the drivers lie, the management would know and make a note of the deceit or lies”.*

The TPLP also confirms with this quote:

*“Our trucks are equipped with GPS. We would know the where about of our trucks If our trucks are delayed, we can inform our clients” (TPLP-AS).*

The researcher also sees how this systems work as during observation, the TPLP brought the GPS monitor to the room and explained how the system works.

With regards to the investment on the other IT systems, the CM complains about their TPLP which are seen not to be interested in IT systems investment to ease their communication compared to the CM. This is because with the system that they use now, they could have interface to communicate. That might be the reason why the TPLP does not want to update their IT system. The representative from the CM explains that:

*“We are willing to invest...but not our transporters (TPLP). If they are serious, they can find some funds. Perhaps, they do not have any initiatives to do that” (CM-HN).*

#### **5.4.2.3 Information Technology (IT) and Communication**

IT use is significant to the communication channel as both parties can better communicate with accuracy. All interviewees agree that they communicate through email and phone as well as meetings. The CM did mention that they are using an IT system but not the TPLP, who are simply happy to communicate with email. The TPLP explained that:

*“So far, we have been calling them up and we send them e-mails. Yes, we use both e-mail and fax. Miscommunication hardly happens because when they request for six trucks, we will send out six” (TPLP-AS).*

The TPLP does not use any system to better communicate in case study C apart from using GPS transport system.

#### **5.4.2.4 Information Sharing**

All interviewee explain that information sharing is important for a partnership to be successful. They agree that they do share some information, for example, information about their load planning and also investments. This factor is explained with quotes from the both partners.

*“We tell our TPLP that this year we will be dealing with 18,000 cars. So when you begin calculating, you begin to figure the sum in which 18,000 cars divided by 12 months, you will get about 1500 cars per month. 1500 cars divided by 30 cars will give you 50 units per day. 50 units divided by six, you will get roughly about nine loading a day. This means we would need the use of nine trucks a day” (CM-HN).*

*“We share information on a daily basis. For example, one of staff members will tell our TPLP that we need 20 trucks tomorrow. But they would tell us that one of their trucks breaks down or has not been repaired and so on. I do not like limiting information” (CM-HN).*

There is a comment from a TPLP representative that confirms they share information; however, occasionally the problem is on the CM side when they do not have proper planning which sometimes affects the delivery plans on the part of the TPLP as explained below:

*“Another issue that we have is improper planning. Since we are in logistics, we have to plan. Without proper planning, we will have some problems of shortage of trucks. It is a bit of a rush. Say, there are 600 cars to be released in a month. In a week, there will be about 100 trips and if you divide by 20 days, you will get five trucks a day. Which is not that many. But the planning is not done carefully. Suddenly, at the end of the month, you decide to send out 600 cars and you require the use of many trucks. Which we do not have. If you plan earlier on, you actually have enough trucks. We have 22 trucks... for the past two to three months, things are quite unpredictable and complicated as we cannot plan our delivery” (TPLP-AS).*

#### **5.4.2.5 Price of the Logistics Service**

Another factor under the operational dimension is price. The interviewee explained that the price of the logistics service is also important as both parties claim that disagreement about price can cause a conflict between partners and, in turn, affect the partnership. Therefore, price has a positive association with the logistics partnership

success. The CM in case C claimed that their rates are very competitive within the market range as it is not too expensive and not too cheap. He claims that:

*“The rate that we negotiate is very competitive and is still within the market range. It is not too expensive and not too cheap. Of course, there are other TPLPs or contractors who could give us a cheaper rate than the one offered by our TPLP” (CM-HN).*

While the TPLP complains about the cost of things going up every year:

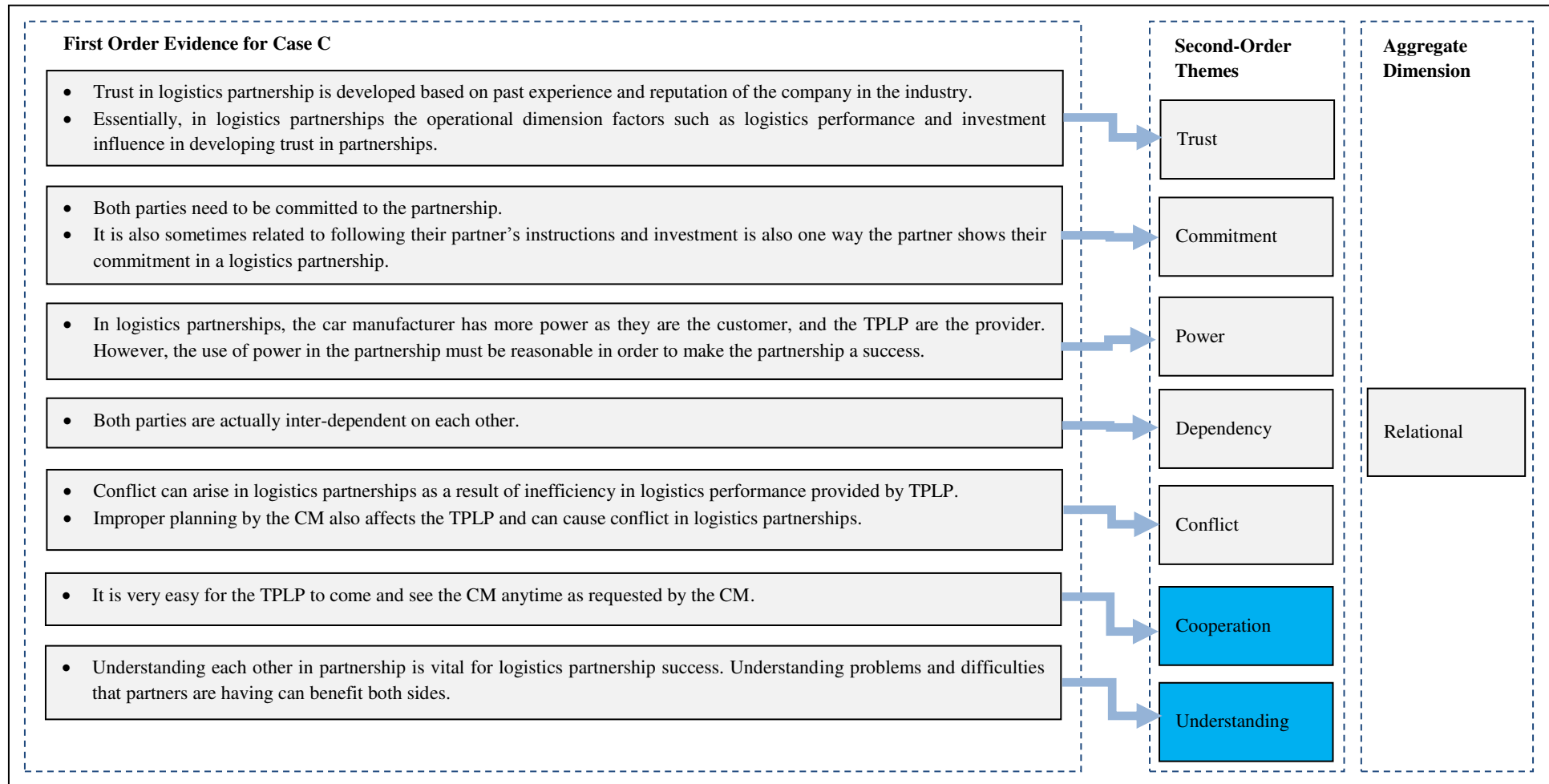
*“We cannot hike our rate anytime we like because the agreed rate is already noted in the contract. We find it very problematic because the costs of things go up every year, such as the price of tyres, increment of salaries and so on and yet we cannot increase our rate” (TPLP-AS).*

This is significant point from findings that could negatively affect the relationship between CM and TPLP.

### **5.4.3 Relational Dimension**

All representatives agree that the relational factor is crucial for the success in a logistics partnership. Figure 5.8, below, shows the evidence with regards to the relational dimension, with the newly emerged factor highlighted in blue.

**Figure 5.8:** Evidence Mapping on the Relational Dimension (Case Study C)



Source: Derived from empirical data.

### 5.4.3.1 Trust

Essentially, trust in a partnership is developed based on experience in working together and their reputation in the industry. As mentioned by the CM representative, they trust their TPLP because their TPLP always puts them first whenever they ask although they have other clients from other CMs. Also, as mentioned by the CM representatives, their partnership was established a long time ago, since 1994. He explains that:

*“Obviously, so far, I trust them 100% because they are part of our business and because they always put us first although they have other clients,..we have worked with them since 1994. We use them for both CKD and CBU. We use the same TPLP direct from the factory after assembly. It is a partnership as we have mutual understanding with them” (CM-HN).*

As explained by the TPLP representative, they always give the best services to the CM in order to develop trust. He explains that:

*“We developed trust in terms of services. When they ask for trucks, we give them trucks. When they ask us to deliver, we just do that” (TPLP-AS).*

### 5.4.3.2 Commitment

Another important factor in the relational dimension is commitment. As explained by the TPLP, they are very committed in their work and try as best as they can to fulfil what their CM requires. The representative explains that:

*“Commitment is one of the factors. If they ask for trucks, then we would have to invest in trucks” (TPLP-AS).*

This is also explained by the CM representative:

*“One more thing, they always make an effort. They strive to meet our demands. So if I were to give a ratio from one to ten, I would give them a six” (CM-HN).*

However, from the observation made during interview, it could be conclude that the CM is actually not really happy with the commitment of the TPLP as they also rate the TPLP at six out of 10.



### 5.4.3.3 Power

In case study C, the CM claims that they are the customer to the TPLP, so they themselves have more power. They could issue an order to the TPLP and the TPLP has to fulfil what they need as they are the party that hired the TPLP as their provider. If the TPLP does not fulfil their requirements, they could execute whatever is necessary as a penalty to the TPLP. The situation below, explains, an incident that happened between the CM and the TPLP where the CM exercised their power. He clarifies:

*“We are more dominant because we are the customer. Let me give you an instance. I asked our TPLP to get six units of cars from Gurun and sent them direct to Ampang, in Kuala Lumpur. This particular dealer has two branches, one in Ampang and the other in Kajang. I instructed the TPLP to send the cars direct to Ampang. On the way, the dealer called the driver and asked him to send three cars to Ampang and three to Kajang. Obviously, I am not happy because I paid for the TPLP to go to Ampang only. When this happened, I was asked to pay for two trips. I asked the TPLP “why did you follow the dealer’s instruction? I was the one who was in-charge and I will be the one paying for the services. Here is where the conflict is. The driver gets paid by the dealer and then requests that we pay him as well. The thing is, the delivery was signed twice; one in Ampang and one in Kajang. So when the TPLP notice that there are two deliveries, they will ask us to pay for two trips. This is where I used my authority and reminded them that I gave instruction and by right, they have to refer to me before making any decision. In the end, I didn’t pay and I have the authority, right” (CM-HN).*

To conclude, the use of power in logistics relationship is reasonable when the TPLP does something that is not right.

### 5.4.3.4 Dependency

In a logistics partnership, both parties are dependent on each other. Thus, this factor is important to the success of the partnership as explained by the quotes below of both representatives (CM and TPLP):

*“Our company totally depends on the TPLP because we only hire them” (CM-HN)*  
*“Our partner is very dependent on us” (TPLP-AS).*

### 5.4.3.5 Conflict

Conflict can happen sometimes in any partnership including in case study C. For example the TPLP could be involved in an accident during the delivery process to the

car dealers. The quote from the CM's representative below shows that conflict does happen in the partnership:

*“This is another liability process. During this period, I will ask the TPLP to bear the costs. When there are cases of damages, we have no choice. We still have to continue using the services of the TPLP because we are directed by the management. When incidents like this happen, we will ask the manager to come and clarify. We will ask who is the driver, the background of the driver, and we will advise the TPLP to replace this driver. Usually I will tell my officer that I do not want so-and-so to take our load. The officer will instruct the plan not to allow that particular driver to do the picking up and transfer. So when TPLP has no choice, in this sense, they will have to replace the driver” (CM-HN).*

Another conflict that could happen in a logistics partnership occurs when the TPLP do not do as instructed by the CM as explained:

*“Let me give you an instance. I asked our TPLP to get six units of car from Gurun and sent them direct to Ampang, in Kuala Lumpur. This particular dealer has two branches, one in Ampang and the other in Kajang. I instructed the TPLP to send the cars direct to Ampang. On the way, the dealer called the driver and asked him to send three cars to Ampang and three to Kajang. Obviously, I am not happy because I paid for the TPLP to go to Ampang only. When this happened, I was asked to pay for two trips. I asked the TPLP why did you follow the dealer's instruction? I was the one who was in-charge and I will be the one paying for the services. Here is where the conflict is” (CM-HN).*

Conversely, the TPLP points out that conflict in a logistics partnership can occur when the CM does not undertake proper planning for car release or loading. This will affect the TPLP's planning, in addition to the fact that the TPLP also undertaking job from other CMs in order to gain a higher profit, as the logistic industry is very costly.

#### **5.4.3.6 Cooperation**

In this case, newly emerged theme name cooperation is appear that could ensure success in a logistics partnership. The interviewee explains that good cooperation between partners will make both parties happy with the partnership. Therefore, cooperation has a positive impact on the logistics partnership success. The CM clarifies that with this quote:

*“So far, our TPLP has been very co-operative. When we asked them to come, they would come to our office within 15 minutes. Their office is just next door” (CM-HN).*

### **5.4.3.7 Understanding**

Understanding is a newly emerged theme from the data gathered in this case. Understanding each other is vital to achieve a win-win situation in a logistics partnership. Therefore, understanding has a positive impact on the logistics partnership success. Understanding what the other partner wants and needs, and also the partner's problems and difficulties will then help to improve communication between both parties to ensure success in a logistics partnership. For instance, sometimes the TPLP fails to do as instructed and is given a penalty. However, the CM does understand that things happen beyond their control and they understand the problem that their partner is facing. The CM's representative explains:

*"So far, we do understand each other quite well" (CM-HN).*

However, on the TPLP side, the TPLP claims that the CM should understand their difficulties especially with regards to their cost, and how this affects the price. The explanation is as below:

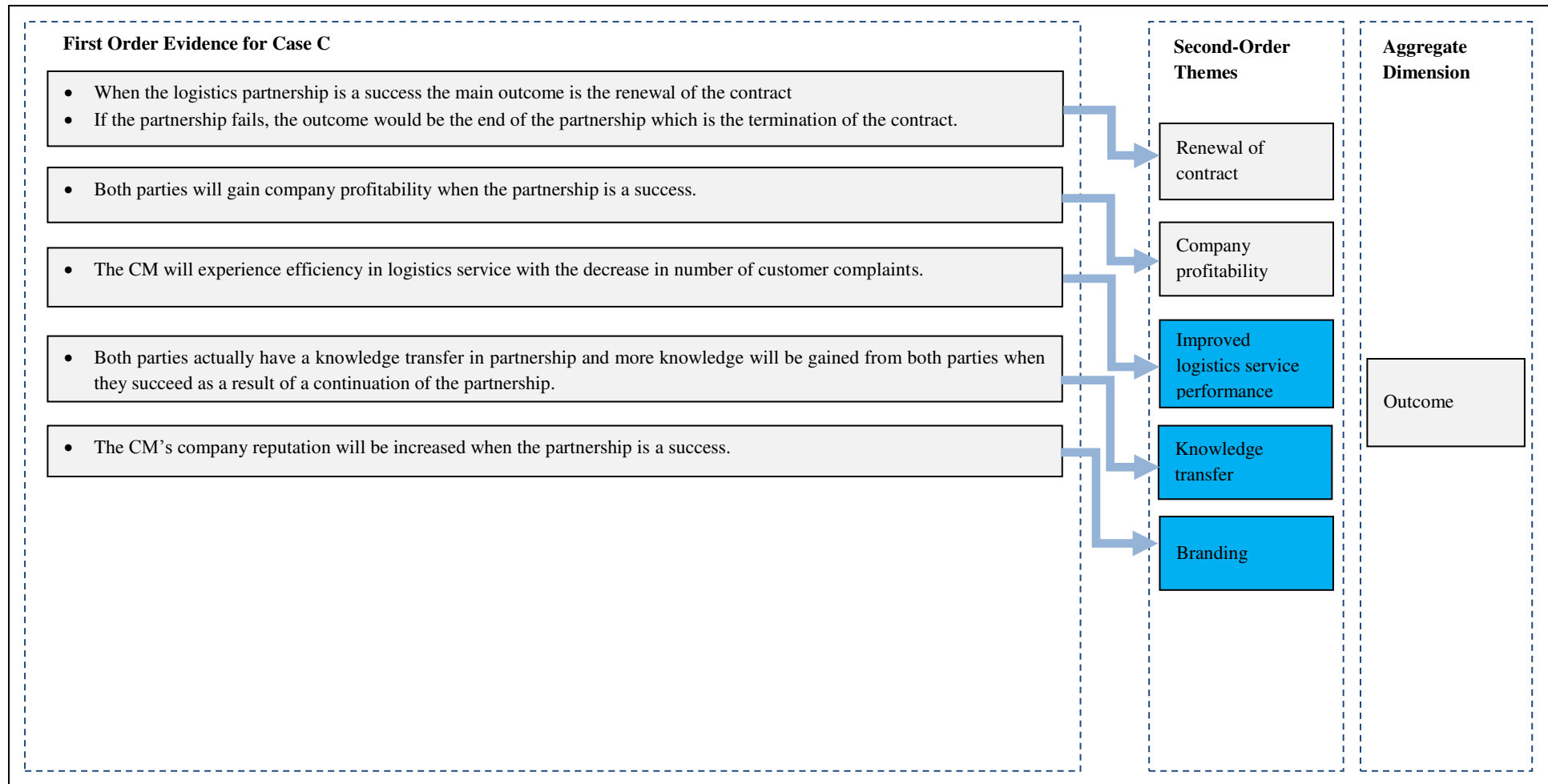
*"We find it very problematic because the costs of things go up every year; the price of tyres, increment of salaries and so on and yet, we cannot increase our rate. So far, we think our client does not understand our limitation" (TPLP-AS).*

To conclude, in logistics partnerships, it could be said that the CM should understand the TPLP side as the logistics industry is very costly. That is why it is related with the price of the logistics service asked by the TPLP.

### **5.4.4 LPS Outcomes**

The CM views that in order to have success in the logistics partnership, the most important aspect is the ability of the TPLP to deliver the car as instructed with less number of complaints from the CM's customer with delivery on time. However, the TPLP views that it is important to handle all the deliveries with zero defects for instance with no scratches and dent. As a result from a partnership success perspective, there are a number of benefits they gain for win-win situation. Figure 5.9 shows the evidence for the outcomes from the LPS in case study C, with the newly emerged factor produced in blue.

**Figure 5.9:** Evidence Mapping for the Outcome (Case Study C)



Source: Derived from empirical data

#### **5.4.4.1 Renewal of Contract**

Both parties agree that the main result obtained from the LPS is the renewal of the contract as a reflection of loyalty to the partner. And if the partnership fails, the result would be the termination of the contract or in other word is the end of the relationship between partners. The representative from the CM in case study C believes that if the TPLP improves they will renew the contract and if the TPLP still does not maintain their commitment, the result will be the termination of the contract. He explains that:

*“Our TPLP needs to make a move and we have discussed this with our CEO and we have agreed that we cannot tolerate this kind of attitude. If they fail to meet our demand, we will penalise them. Being penalised means we are going to stop using their services and get other transporters to work with us” (CM-HN).*

#### **5.4.4.2 Company Profitability**

If the logistics partnership is a success, the CM and TPLP will incur profit as per their objectives. For the CM, if the delivery is as planned, they will achieve their target profit but if not, it will affect their business. This is explained by the CM with:

*“We will get other transporters as failing to meet our demand can affect our business badly” (CM-HN).*

The TPLP also incur profit when they receive income as per the trip they make. He explains that:

*“For every trip that we make, we get some profit. If we can sort out all the deliveries, we will get all the income that we should get. If they ask for 10 trucks and we only sent out five trucks with five more pending then we only get paid for deliveries made by the five trucks. If we sent out 10, we would get paid for all 10” (TPLP-AS).*

#### **5.5.4.3 Improvement on the Logistics Service Performance (LSP)**

Should the logistics partnership be a success, the CM will experience improvement in the LSP from the TPLP as well as a reduction in customer complaints. Therefore, it could be concluded that improvement in logistics service performance is an outcome of logistics partnership success. The CM’s representative explains that:

*“Another thing that should be mentioned is our customer complaints. We need to consider customer service here. In fact, I notice that in the last five years, the number of complaints is decreasing. We have effective deliveries, we have efficient supply. All these explain why the number of complaints is low” (CM-HN).*

#### **5.4.4.4 Knowledge Transfer**

Another benefit that both parties gain as a result of LPS is knowledge transfer. Therefore, knowledge transfer is an outcome of the logistics partnership success. The TPLP representative explains that:

*“We inform the factory about how to plan, for instance, how to manage the trips for the trucks. The car manufacturers also get some knowledge transfer and we also learn to plan whatever that they give us” (TPLP-AS).*

#### **5.4.4.5 Branding**

Branding is a newly emerged theme in the outcome factors in this case. In case study C, the interviewees explain when the partnership is a success; the CM’s brand will improve. Therefore, branding is an outcome of the logistics partnership success. This will automatically happen when their customers are happy with the LSP enduring low complaints, experiencing no defects at delivery, the customer will be happy and it automatically increases the car manufacturer’s company reputation. However, if the TPLP does not perform, it will affect badly on the car manufacturer’s image. This is explained in the quote below:

*“Failing to meet our demand will cause a complaint from the customer and in turn it will affect our company reputation” (CM-HN).*

#### **5.4.5 Propositions**

Based on the findings, the researcher has discovered a number of propositions in Table 5.5, below. This list of propositions is developed according to the analysis of the data, evidence mapping of each dimension, and the earlier propositions presented in Chapter Three.

**Table 5.5:** The Research Proposition for Case Study C (together with newly emerged themes)

<b>Sub-Propositions and Newly Emerged Themes</b>	<b>Proposition</b>
P1a: Logistics service performance such as delivery time, car carriers, urgent delivery and product quality can strongly influence the success of the logistics partnership between the CM and TPLP	<b>Operational</b>
P1b: Investment has a positive impact on logistics partnership success	
P1c: The use of information technology in communication has a positive impact on the logistics partnership success	
P1d: Sharing information like load planning and investment could positively affect the success of the logistics partnership between the CM and TPLP.	
P1e: The price of the logistics service could influence the success of the logistics partnership between the CM and TPLP	
P2a: Trust has a positive impact on logistics partnership success	<b>Relational</b>
P2b: Commitment from both the CM and TPLP impact on the logistics partnership success	
P2c: Power could influence the logistics partnership success	
P2d: Dependency has a positive impact on the logistics partnership success	
P2e: Conflict has a positive impact on the logistics partnership success	
P3a: Renewal of the contract is the outcome from the logistics partnership success	<b>Outcome</b>
P3b: Improved company profitability is an outcome from the logistics partnership success	
<b>Newly Emerged Themes</b>	<b>Newly Emerged Themes</b>
Price of the logistics service Price has a positive association with the logistics partnership success	
Cooperation Cooperation has a positive impact on the logistics partnership success	
Understanding Understanding has a positive impact on the logistics partnership success	
Improved logistics service performance Improvement in logistics service performance is an outcome from the logistics partnership success	
Knowledge Transfer Knowledge transfer is an outcome from the logistics partnership success	
Branding Branding is an outcome from the logistics partnership success	

## **5.5 Logistics Partnership Success between Car Manufacturer (CM) and Third Party Logistics Provider (TPLP): Case Study D**

### **5.5.1 General Information**

In this unique case D, both parties in the partnership are large firms in the automotive and logistics industry in Malaysia. Both companies are multinational companies (MNC). The TPLP in case study D is recognised as one of the biggest players in the logistics industry. As the TPLP confirms:

*“We are the only car carrier company that has a proper set up...Most other companies are sole proprietors. The boss is the MD, the boss does the accounts, the boss does the marketing and becomes the operations manager. In our set up, we have different people to handle other departments. Every key department is managed by a person-in-charge” (TPLP-SH).*

The relationship between the CM and TPLP in case study D is based on a yearly contract. From the analysis, there are two choices of agreement either 1+3 or 1+1 contract as explained by the CM’s representative:

*“The contract is renewed on a yearly basis. Sometimes, when we want them to commit, we will do a long-term contract. We have like 1+3 and 1+1 options, but generally there is a time frame for the contract with such options. Obviously, there are long-term contract to maintain business relationships. This is to give us cost benefits” (CM- AN).*

All interviewees (two from CM and one from TPLP) agree that both operational and relational factors have an effect on their LPS.

### **5.5.2 Operational Dimension**

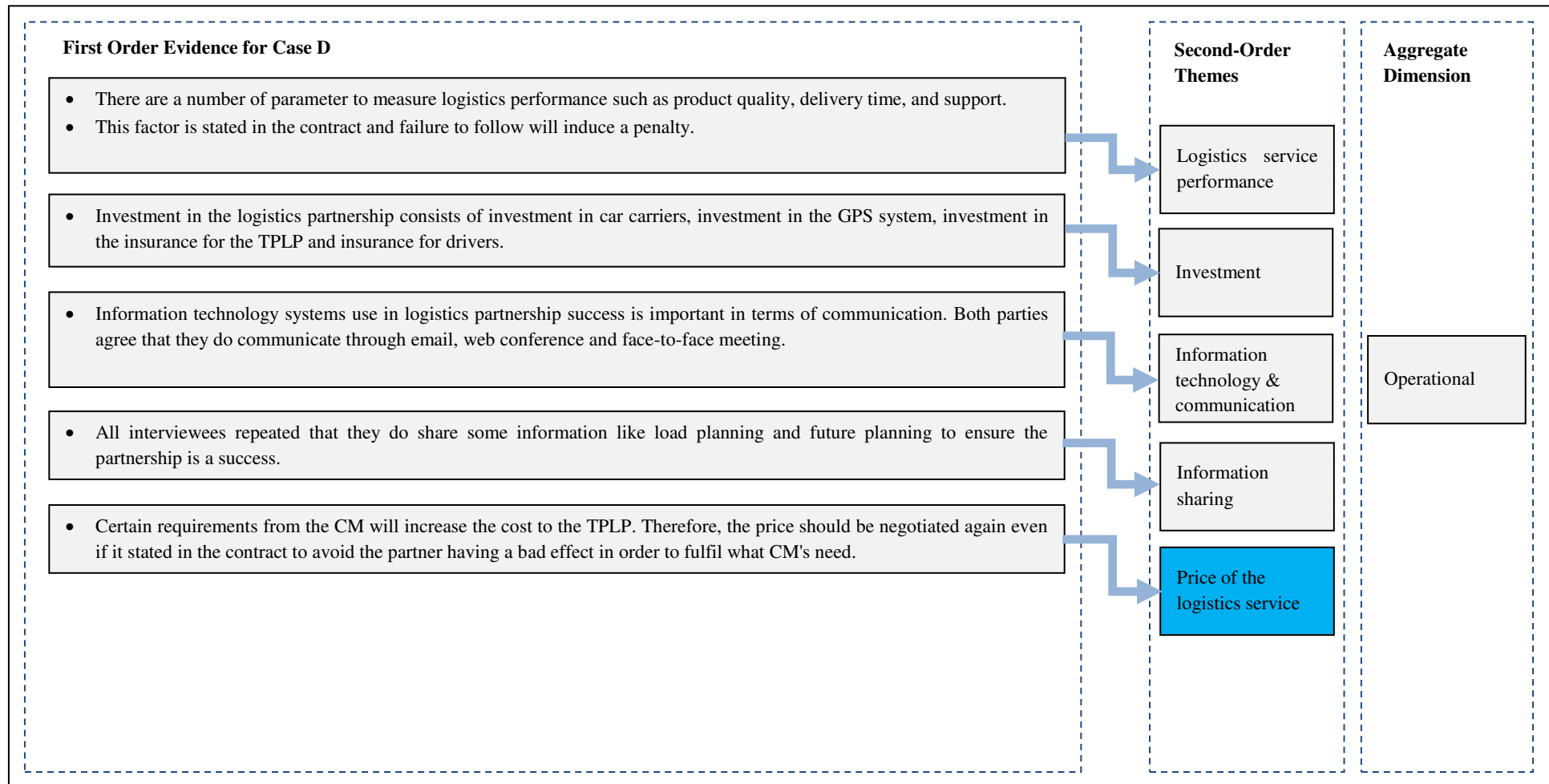
In the operational dimension, the interviewee believes that there is a set of factors under this dimension that affects the success in a partnership. With regards to the LSP in the operational dimension, they have a unique practice where there is always a contingency plan for any sudden incident which is not practiced in any other case. An interviewee from the CM explains that:

*“Actually we do risk management. We know what the delivery time is like but we still have to forecast in case of floods or anything like that. So before disaster strikes, we have prepared a contingency plan. If the route presents a problem, for instance, if we need to go to JB in one day and one way, then we will still deliver. In this case, we and TPLP will discuss. The TPLP will have to plan and propose to us the contingency plan. We will try to reduce their problem. With us, we do not only resolve issues but we also plan before problems arise. For example, recently when Johor Bahru was hit with a dreadful floods issue, we already had a solution. We had a contingency plan” (CM-RE).*

The findings from this dimension are illustrated in Figure 5.10 which also shows the newly emerged factor in blue.



**Figure 5.10:** Evidence Mapping for the Operational Dimension (Case Study D)



Source: Derived from empirical data

### 5.5.2.1 Logistics Service Performance (LSP)

In case study D, all interviewees agree failure to do as agreed in the contract will result in the inducement of a penalty to the TPLP. In order to measure the LSP provided by the TPLP, there are certain parameters as agreed in the contract. According to the CM, they usually carry a normal evaluation with their must items, known as key performance index (KPI), in evaluating the TPLP's performance. The TPLP is informed of the results and if they fail to follow the requirements set out in the contract, the result would be the termination of the contract and end of the partnership. The evaluation is based on monthly and yearly periods. This is explained in the quotation below:

*“Logically, if we fail to meet their requirements, they could have terminated our contract” (TPLP-SH).*

#### a. Product Quality

The first item to evaluate the LSP of the TPLP is product quality.

*“The cars should be free from any damages. No scratches and no dents” (CM-AN).*

#### b. Delivery

The second item in order to measure the LSP of the TPLP is the delivery issue. In case study D, marks are given based on the delivery completed by the TPLP. The normal problem they are having is delivery time as sometimes the delays are not due to the TPLP, but disturbance on the road, for instance, accidents as described in the quotation:

*“As for outbound, usually late delivery to the dealers. The customers will be waiting and when the delivery is delayed, there will be complaints. This is an issue for us because we want our customers to be happy.... We are fine as long our delivery target and we get no complaints from our dealers” (CM-AN).*

Another interviewee added that the customer is really concerned with the delivery issue. He said that:

*“With the customers, a one day delay can make a different because they can't wait to get their new car” (CM-RE).*

A penalty will be given for late delivery and wrong delivery (for instance, wrong car sent to the car dealers). The interviewee from the CM explains that:

*“Time delivery is the most important factor in logistics” (CM-RE).*

According to the TPLP, in order to make their partner happy there is always a backup plan to meet the delivery time. This is explained below:

*“For certain circumstances... we have got people who can do rescue recovery. Our splash is four hours, we can also despatch another truck should be have some unforeseen problem. And our delivery is guaranteed. The longest time we might take to deliver in case of problem is within four hours or perhaps early in the next morning because our policy is to deliver within 24 hours” (TPLP-SH).*

### **c. Support**

Another parameter included in measuring the LSP of the TPLP is support. Support, here, refers to the number of car carrier or trucks provided by the TPLP to the CM. In case study C, they do not have any problem about this. As explained by the CM’s representative:

*“At the moment, we have enough car carriers as one car carrier can carry up to six cars” (CM-AN).*

### **5.5.2.2 Investment**

It is significant to highlight that investment made by the TPLP to improve their logistics efficiency provided to the CM will influence the success of the partnership. This is confirmed by the CM:

*“This thing has to be seen from the mutual benefits that we share. It depends on our requirement. They are willing to invest with our requirement. If we told them that we are expanding our volume, they will add the number of their trucks” (CM-RE).*

There are various types of investment in a logistics partnership. One of them is investment in car carriers and GPS systems as explained by the CM:

*“The car carriers, for instance, are set up with the GPS system. They can trace the location of the trucks. I think they must have invested quite a lot for us” (CM-AN).*

As confirmed by the TPLP:

*“We have about 97 car carriers including rigid and long trailers” (TPLP-SH).*

Another investment that has been made by the TPLP is the investment in the IT system. The CM in case study D are really looking forward to their partner to follow whatever changes in technology, as explained by the CM:

*“Our philosophy is that all the transporters and suppliers must employ and adopt whatever technology that we uses. If, for instance, if the transporter has a new technology and new trucks, they will have to upgrade their service.....If we improve our system, then the transporter will have to invest. It is important to be more advanced” (CM-AN).*

In a logistics partnership, another investment to be made is in insurance. The TPLP in case study D said that they had invested in insurance for their company and also for their drivers. . He explains that:

*“Our company has got RM 1 million insurance..... We have 250,000 insurance for our drivers” (TPLP-SH).*

### **5.6.2.3 Information Technology (IT) and Communication**

From the findings, the use of IT for better communication and to ensure accuracy of data transmission is acceptable. Both parties agree that they communicate with each other using internet such as email, webcam, conference dialogue and face-to-face meeting. They normally have a conference dialogue if there is any issue like delay in delivery. The interviewee representative explains that:

*“Sometimes, the delays are caused by road accidents. And, of course, damages as well. But this is normal. And they are bound to happen. What you need to think of is the solution. What would it be? How do you solve your problem? Normally, when issues like this arise, we will have a video conference and we will take immediate action. It is akin to a crisis or so. If it takes place, it will certainly affect us” (CM-AN).*

In case study D, they believe that communication is vital. The quotes below explain about this factor:

*“We work through communication as communication is very vital to us. The way we work is made up of peak, simplicity, concentration and communication.... So how do we communicate? We hold meetings, conference dialogues and all these are how we communicate. Both sides will reap the rewards. For us maintaining the communication is very important” (CM-AN).*

*“In terms of communication, we have our delivery plans according to months, weeks and days. This is what we usually communicate. We use software to conduct delivery ordering” (CM-RE).*

As explained by the TPLP representative, there are two types of communication; formal and informal for a LPS. But for the CM representative, their partner actually likes an official style of communication which is for example meetings, email, and through smart phone. He explains that:

*“There two ways: formal and informal. At the HQ, they prefer the official style. You know, hold meetings at the office” (TPLP-SH).*

The interviewee from the TPLP adds that each of their operational staff have been given a smart phone to make sure their CM can always communicate with their people.

*“These key people own BlackBerry with email, text messaging and of course, you can call them on the land lines. Drivers have got mobile phones. We will confirm with our clients who is the driver-in-charge, the driver’s name, phone number and the number of the truck. And, with our new drivers, we will update our clients of this new information. But in the case of a different driver going there to collect the cars, the client or the CM has every right to refuse the driver. This is how we gain trust and also for safety sake” (TPLP-SH).*

The interviewee also explains that the meeting will involve top management if there is a conflict and big issue to settle. He explains that:

*“So far, we have not had any major issues. But if there are any issues, our top management and the transporter’s top management (usually the business owner) will sit down and discuss the problems” (CM-RE).*

#### **5.5.2.4 Information Sharing**

Information sharing is important in LPS. Both parties agree that they share some information related to load planning (for car delivery). They also share information about the direction they aim to achieve for the next year. The quote below explains this statement:

*“Therefore, every year, we will inform them of our direction. And we give them three years of our forecast. So that they will understand what next year’s forecast looks like. We also give them our yearly and monthly forecast. In fact, we have two months and three months forecast..... Like I mentioned before, we share our delivery plans. Based on the bookings made by the buyers, we plan our delivery. We usually log in for 2-3 months delivery and from here we know where we should transport the cars..... We also organise conferences and we share information” (CM-AN).*

The interviewee agrees that information sharing is important to improve LSP and therefore influences the success of the logistics partnership. He explains that:

*“Information sharing can help improve LSP. When they obtain information, they are able to prepare beforehand. Our working operation has always been like this” (CM-RE).*

### **5.5.2.5 Price of the Logistics Service**

The price of the logistics service is a newly emerged theme in Case D, being said to influence the success of the partnership between the CM and TPLP. The interviewee agrees that the CM prefers competitive costs. In this case study, if the TPLP has a problem or incurs loss because of the increase in the fuel price or raw materials for instance, they are willing to re-negotiate with their partner. As the CM says, they build up the contract, and when there is any other issue that actually makes their partner suffer, they will look at the contract again. This is explained with:

*“If there is an increase in the rate, we do not have any problems in paying them because our principle is not based on profit” (CM-RE).*

Another interviewee explains that:

*“With us, we prefer competitive cost. So when we have a number of players, we will have the right to compare and make a choice, right? This gives us options and competitive rates..... For instance, if there is an increase in the price of raw materials, for instance, fuel hike, we will re-negotiate the price that we have agreed upon before. We have to consider what the price was before and what the current price is. If it is reasonable, we will increase the rate. This is because when we build up the contract, we come up with the formulation to check the profit margin. For instance, if the margin is 10% and the raw materials go up, you can still have that 10% which is yours. If the price of raw materials goes down, we will reduce the rate. That is why mutual understanding must be there” (CM-AN).*

He added that:

*“So sometimes, when the transporter complains of losing, we will give them some room. At the end of the day, we will be able to compare our transporter’s problem to other transporters’ problems. Even if there is an increase in the rate, we do not have any problems in paying them because our principle is not based on profit” (CM-AN).*

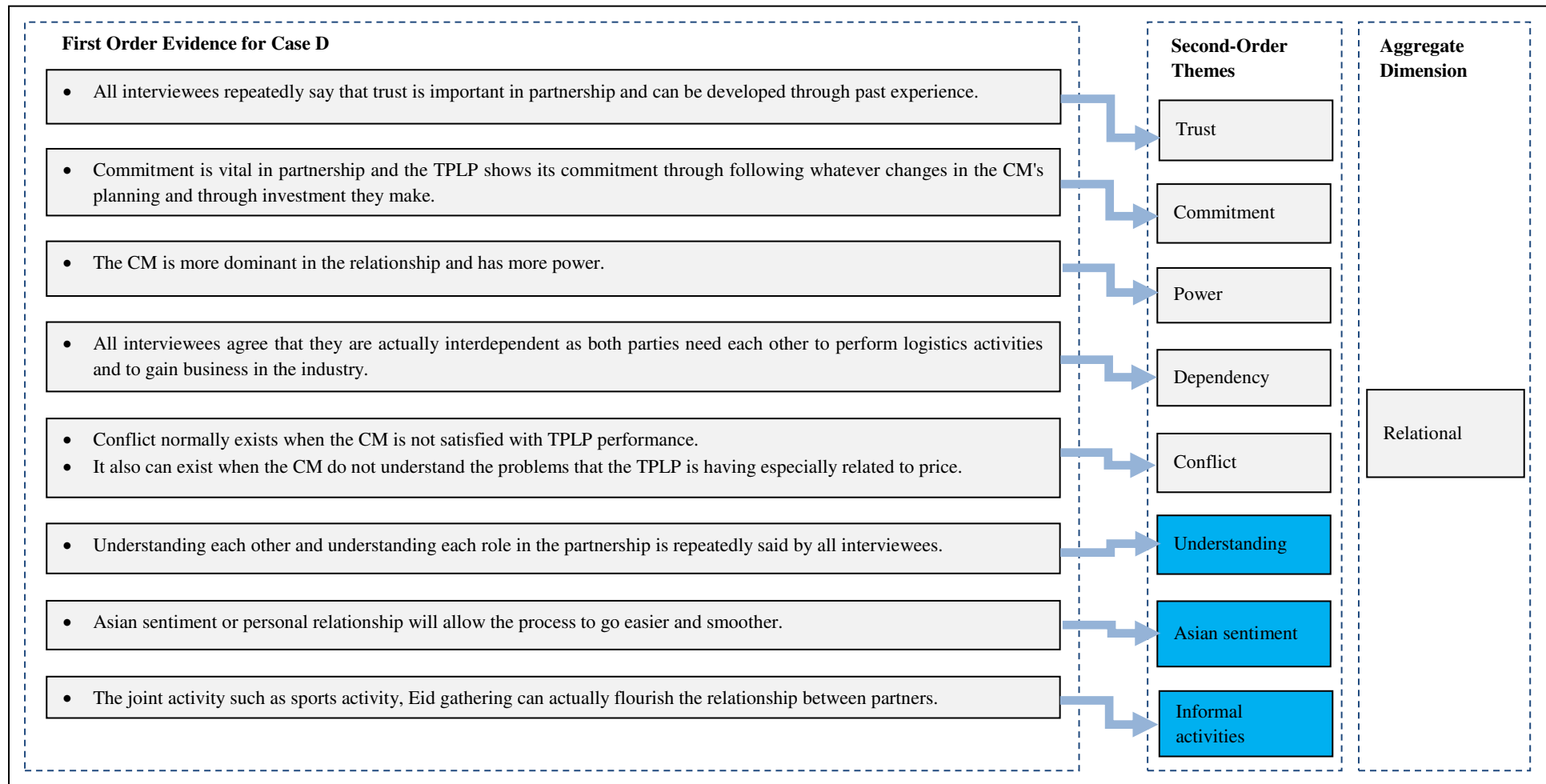
While, on the other hand, the TPLP mentions some other requirement from the CM that caused their cost to increase, for example, the requirement on quality control. The TPLP representative claims that:

*“Apart from that, there is another requirement from them that is akin to quality control. Which to us the provider, a waste of money. Yes, we can fulfil the requirement but you need to increase the price a bit” (TPLP-SH).*

### **5.5.3 Relational Dimension**

From the findings, the interviewee highlights the importance of the relational dimension for successful logistics partnership. There are several pieces of evidence in Figure 5.11 that explain this dimension. Additionally, the three at the end presented in blue are the newly emerged themes.

**Figure 5.11:** Evidence Mapping for the Relational Dimension (Case Study D)



Source: Derived from empirical data



### 5.5.3.1 Trust

Trust is important in any partnership. Basically in a logistics partnership, trust is developed through the TPLP's commitment to fulfil what has been stated in the contract, always gives more than the CM's requirements and it is developed based on experience. As claimed by the CM:

*“Trust is part of our philosophy. Our philosophy is to believe so that we can share this information. If you look into the initiative, the past and all, you will see that quality is the basic philosophy. Yes, we trust them. How do we develop trust? We have regular discussion and we are transparent in our dealings” (CM-AN).*

Another quote that confirms trust is developed based on the experience with the TPLP is:

*“We develop our trust based on experience. Other than that, we share with them our requirement. So far, we have been working with this TPLP and have not changed to other TPLP. We usually work on a yearly contract.... once we have chosen a TPLP, we will grow with them. It is not easy for us to change to other TPLP” (CM-RE).*

While on the other hand, the TPLP explains that they develop their trust with the CM not only with their performance in logistics and their investment, but also through being honest with their partner. As claimed by the TPLP, sometimes a TPLP does or says something not right with the CM to hide their mistakes. This will result in the loss of trust in the partnership. He explains that:

*“Seriously speaking, sometimes we look at the paid up capital. With our customers, if we promise that we are going to deliver, we will deliver. If we said that we cannot deliver, then we do not do the delivery. You know, the famous quote in the transport industry in Malaysia is ‘on the way’. This is a quote to lie to our clients....We usually do not say that ‘we are on the way’ if the client rings us up to ask us why there is a delay. We would tell them to wait while we check on the system. We would check the system and call up the driver to make sure that the driver does not take extra resting time. Who knows, the driver could be stopping for a short break when he was supposed to be on his way” (TPLP-SH).*

However, in a partnership, the TPLP also trusts their partner based on experience. Some incidents can affect the trust of a partner. As explained by the TPLP, one incident happened between them but can be resolved:

*“We need to have trust and tolerance. For instance, one of our customers claimed that one of our drivers damaged his steering wheel which cost about RM 5,000. He said that*

*our driver's ring accidentally ripped the leather. The entire set need to be replaced, which to my mind, was a tad ridiculous. We didn't make any profit, our driver's upset, and we had to make a replacement. But when we did not make any profit, we argued that it was not possible for our driver to make such damage as they are not allowed to wear rings, watches and chains. And we realised that the cut was very deep and clean and must be caused by a sharp object like a knife, for instance. Perhaps it was done by the manufacturer's people when they get the car tinted. Maybe it was accidental. The client would say that it was possible and reasonable" (TPLP-SH).*

### **5.5.3.2 Commitment**

Both parties in the relationship have to commit to each other in order to achieve success in the partnership. All representatives agree that commitment is vital and can be shown by the TPLP's willingness to invest and help the CM to achieve their delivery planning. The TPLP explains that:

*"Like I said earlier, they are willing to invest....Some of our staff work 24/7. So far, our recipe works. People notice this. And sometimes, we had to refuse 'load' from our client" (TPLP-SH).*

The CM also emphasises that:

*"I would have to say that our contactors have followed our direction so far" (CM-AN).*

Another representative from the CM also agrees that their TPLP always shows their commitment through giving a quick response and follows whatever the CM plans. This is explained by this quote:

*"Commitment by giving a very quick response. Basically, they have been able to deliver on time and there has never been any hiccup. Also, in terms of their seriousness. This is my view on this matter.....Sometimes we do pity the transporter because when we make a lot of changes, they will have to modify their plans. So far, they have not made any noise and they have gone along with the customer's requirements" (CM-RE).*

The TPLP also claims that they always show their effort and commitment through their employees. The representative clarifies:

*"You can ring any of our staff members any time. We have few levels of workers. Our supervisor usually takes orders from our customers. They are the first level workers. The second level worker is our 24/7...If you cannot get hold of the managers you can call the superior of the manager. All these people are accessible" (TPLP-SH).*

### 5.5.3.3. Power

In a partnership, there is always one party who controls the power in the relationship. In this logistics partnership, the CM is more dominant as they are the customer to the TPLP. It is agreed by the CM's representative with this quote:

*"Usually, we are dominant because we are the customer. I think it is more on commercial grounds because we are transparent and we do not want to create something like opportunities for them" (CM-AN).*

The CM normally executes their power as they are the customer and they have a contract with the TPLP as claimed by another representative. He explains that:

*"We have a contract and they cannot do as they please" (CM-RE).*

### 5.5.3.4 Dependency

In a logistics partnership, both parties are quite dependent upon each other because they need each other; the CM needs to deliver the cars and the TPLPs need the CM for their business. This is agreed by all interviewees with these quotes:

*"I would say we are quite dependent. They are pretty reliable and highly dependent when they move our car. If they get robbed or something like that, this matters a lot" (CM-AN).*

It is supported by another representative from the CM:

*"Of course we are dependent on them. They carry our cars" (CM-RE).*

The TPLP explains that:

*"Generally, the CM is dependent on the TPLP or a transporter to transport their cars to the dealers. But to say that they are totally dependent on our company, I wouldn't say so. They have many other choices except for certain cases. During peak season, for instance, they might not have enough transporters. During this period, they would be dependent on us. Any other time, they are spoiled for choices and they would tell you that it's ok if you disagree to carry our cars. We will look for other" (TPLP-SH).*

### 5.5.3.5 Conflict

Conflict in a logistics partnership can be described in various ways. From the CM's perspectives, the conflict normally arises when the TPLP is not able to fulfil their instruction as agreed in the contract. While from the TPLP side, the conflict can arise when it is related to the issue of price. As the both industry is fragile and costly, the TPLP always think that they are not having enough profit compared to the CM. This is revealed by the TPLP representative's remarks:

*"If you ask for the accounts of CM, you can see how many billions are their profits. If you ask for accounts of us, the provider, you can see how much our profits are. It is so little if you want to compare to the profits made by the CM. But since we are in this business, we simply have to follow what is given to us. This is the problem. If these people believe in partnership they would have given us a long-term contract, instead of a short-term contract. As a return to the partnership, this is the rate that we get, like what I am showing you. If there is any additional cost incurred, we have to call for a discussion. If this is done, then our relationship can flourish"* (TPLP-SH).

He adds that:

*"I can also change our trucks that are more than seven years of age because they are no longer efficient to maintain. What a waste of fuel. If you use a new truck, you get 2.8 km per litre. You only get 2.1 km per litre with the old trucks. The truck maintenance is eating up our profit. But I do not have any choice because I can't afford to buy a new one. It is as simple as that. I cannot afford to buy a new truck because I do not know how much longer our services are needed. Furthermore, the cost increases about 10-15% a year. In 2008, for example, it cost us RM 1.74 per km. In 2009, it went up to RM 1.97 per km. Nowadays, it is about RM2.1 per km. The reality is like that. The cost will never go down. And our customers keep asking that we reduce our rate. There are more competitors coming into this industry. All these are obstacles that we have to face. If there is a partnership, you need to have trust between you and your partner. You have been producing cars and you earn hundreds of millions a year, so why don't you share some of the profit with the provider"* (TPLP-SH).

### 5.5.3.6 Understanding

As explained by the interviewees, in partnership, the newly emerged theme of understanding is important since it has a positive impact on the logistics partnership success. The TPLP said that:

*"The most important factor in a relationship is definitely understanding"* (TPLP-SH).

In case study D, the CM appears to understand their TPLP with this quote:

*“Sometimes we do pity the transporter because when we make a lot of changes, they will have to modify their plans. So far, they have not made any noise and they have gone along with the customer’s requirements” (CM-AN).*

He adds that if there is any change in fuel price; the contract will be discussed again to make sure their TPLP is happy to work with them. He clarifies:

*“For instance, if there is an increase in the price of raw materials, for instance, fuel hike, we will re-negotiate the price that we have agreed upon before. We have to consider what the price was before and what the current price is. If it is reasonable, we will increase the rate. This is because when we build up the contract, we come up with the formulation to check the profit margin. For instance, if the margin is 10% and the raw materials go up, you can still have that 10% which is yours” (CM-AN).*

However, the contract will also be renegotiated if the price of fuel goes down. This issue might sometimes make the TPLP stressed in the partnership. The CM representative explains:

*“If the price of raw materials goes down, we will reduce the rate” (CM-AN).*

In case study D, the CM is really concerned with TPLP’s problem. He explains that:

*“So sometimes, when the transporter complains of losing, we will give them some room... Even if there is an increase in the rate, we do not have any problems in paying them because our principle is not based on profit purely but based on the three joys that I mentioned before and the mutual understanding that we share” (CM-RE).*

On the other side, the TPLP is always hopeful that the CM understands that their industry is very costly and they incur only a small margin profit. Therefore, the TPLP is hoping that the CM would understand why sometimes they claimed that the price is not really reasonable. The representative from the TPLP describes that:

*“You can see how much our profits are. It is so little if you want to compare to the profits made by the car manufacturers. But since we are in this business, we simply have to follow what is given to us. This is the problem. If these people believe in partnership they would have given us a long-term contract, instead of a short-term contract. As a return to the partnership, this is the rate that we get, like what I am showing you” (TPLP-SH).*

In case study D, the CM shows an understanding for the TPLP as they allow their TPLP to take some work from the other CMs as long as it does not disturb their schedule. The CM understands that their partner, the TPLP, wants to make as much profit as they can. He explains that:

*“They have this requirement that expects us to do the picking up in the morning but we had a discussion with them and told that we will lose a great deal of money if we do the picking up in the morning. CM does tolerate us in this aspect” (TPLP-SH).*

### **5.5.3.7 Asian Sentiment**

From the findings in case study D, one of the factors emerged in the relational dimension is the Asian sentiment which is brought up by the TPLP. The Asian sentiment is seen to have a positive impact on the logistics partnership success, although such cultural aspects are not the focus of this study, the comment made in this case study has encouraged the researcher to add it into the findings, as it could affect the logistics partnership success in the Malaysian context. The TPLP explains that in Malaysia, there is a sentiment which can help the success in any partnership including logistics partnerships. It is about personal relationships. As claimed by the TPLP with a confident face, knowing personally someone in a partnership will allow the process to go easier and smoother. He believes that:

*“In Malaysia, sentiment is very important. Let’s say, you are of Malay origin and I am a Malay too. The way we work would be different. If you are from Terengganu and I am from Terengganu, the way we work would be different as well. I am serious about these things. From my experience, all these matter in a relationship. In your thesis, you might want to put in a word or two about such sentiment. If people who are doing this business are from Kelantan, then the way they work would altogether be different. They will help out each other more. So the same thing applies here. Perhaps they cannot help me by giving us a better rate but they could help us in various other ways. A more general help. No matter how we apply this principle, this is the Malaysian way of getting things done. Business is still business but sentiment is always there” (TPLP-SH).*

He adds that in a Malaysian partnership, the Asian sentiment can influence the success of any business relationship:

*“Sentiment is also part of it. For instance, my boss told me that “Client A is upset. Can you please talk it out with them?” I would go and talk to client A. See, this is how we work. You see, our top manager keeps changing. Before this we had a Japanese*

*manager but he can't handle the company and cannot cope with the work environment here" (TPLP-SH).*

He also adds that:

*"Like what I have said earlier. You know, the Malaysian sentiment. Apart from this, sometimes, certain people possess certain charisma. People notice us and when we are not around at the coffee shops, when we go out for a drink, people will start asking our whereabouts. With our customer, if we invite them to have dinner with us, they would refuse. But if we go as friends, they would go. I think this is more of a personal relationship. It is difficult to translate this. It is more like giving people a personal touch, trying to understand what people like and what people hate" (TPLP-SH).*

### **5.5.3.8 Informal Activities**

Apart from the factor discussed above, the newly emerged theme of informal interaction is seen to be important for the success of partnership. Therefore, informal activities have a positive impact in the logistics partnership success. The interviewee explained that informal activities like playing sport together, non-official gatherings like celebrating Eid and annual dinners will also help to flourish the logistics partnership. It is explained below:

*"We have annual dinners and we have a round of golf" (CM-RE).*

The TPLP describes:

*"Our operation team prefers informal meetings. We only call on the phone to set up appointments. Then we go out and meet at the coffee shops. That's how we overcome our problems. After meeting at the coffee shops, we do a formal meeting at the office. But in actual fact, we normally would have sorted out the problem earlier at the coffee shop. When we meet at the office, we would repeat what we have said before..... Also, during Eid season, we would send greeting cards" (TPLP-SH).*

### **5.5.4 LPS Outcome**

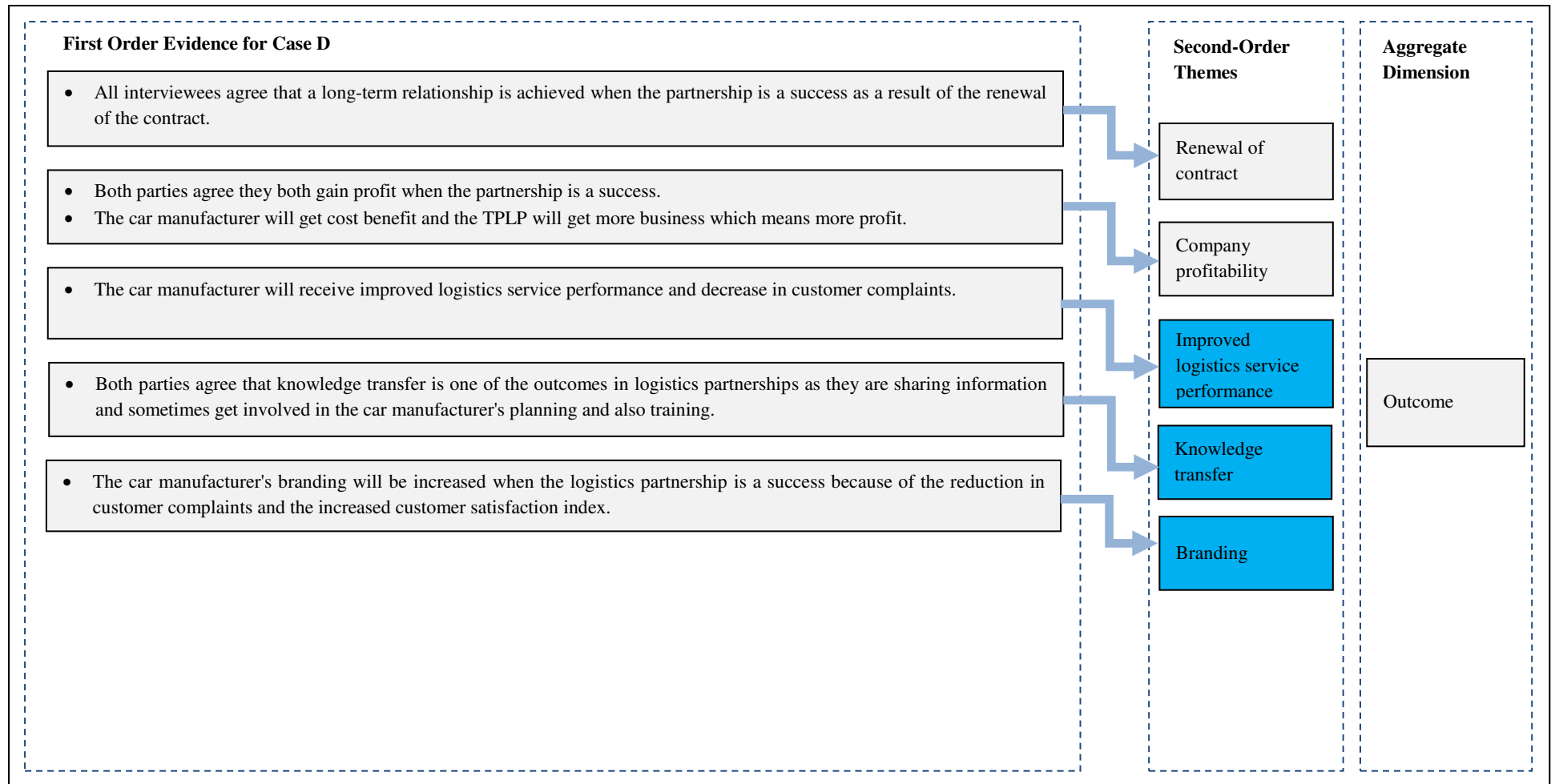
In case study D, the CM claims that they produce cars for enjoyment. As claimed by the CM representative:

*"We produce products for enjoyment. There are three joys: enjoy selling, enjoy buying and enjoy creating. This means that if you are happy then I will be happy" (CM-AN).*

Meanwhile, TPLP representatives define success as when they achieve their objectives or targets. From the interviews, it became clear that there are a number of outcomes that benefit both the CM and TPLP. All the outcomes are illustrated in Figure 5.12, including the newly emerged factor which is presented in blue.



**Figure 5.12:** Evidence Mapping for the Outcome (Case Study D)



Source: Derived from empirical data

#### **5.5.4.1 Renewal of Contract**

As claimed by the CM representative, once they choose the TPLP, they are happy to grow together, meaning that they will have a long term relationship with their TPLP. He clarifies:

*“Once we have chosen a transporter, we will grow with them. It is not easy for us to change to other transporters. At the same time, our transporters get to expand their business. If we want to do business truthfully, we will have to be true to our business partner” (CM-RE).*

It is also confirmed by the TPLP that if the CM believes in their partnership, they will have a long-term relationship. He states that:

*“If these people believe in partnership they would have given us a long-term contract, instead of a short-term contract” (TPLP-SH).*

#### **5.5.4.2 Company Profitability**

Both parties will increase company profitability when their partnership is a success. The CM can gain this benefit as a result from a cost reduction with having the TPLP to perform logistics activities rather than doing it by themselves. While, on the other hand, the TPLP gain benefit when they gain more business from the CM when the partnership settles for a longer term period. The quotes below explain about these outcomes:

*“Obviously as a businessman, we want more profit. Not necessarily more business opportunities, but more of a reasonable profit” (TPLP-SH).*

*“The contract is renewed on a yearly basis. Obviously, there are long-term contract to maintain business relationship. This is to give us a cost benefit... At the end of the day, it will certainly improve our profitability” (CM-AN).*

#### **5.5.4.3 Improvement on the Logistics Service Performance (LSP)**

From the data gathered, improvement of the LSP is identified as one of the outcomes. As a result from the success of a logistics partnership, the CM will improve their logistics service and this will decrease the customer’s complaint. The CM’s representative explains that:

*“Deliver product with good quality....improved CSI” (CM-AN).*

One of the representatives adds that:

*“We do not get that many complaints” (CM-RE).*

#### **5.5.4.4 Knowledge Transfer**

Knowledge transfer is achieved when the CM also provides training for its TPLP. Therefore, knowledge transfer is identified as an outcome of the logistics partnership success. The longer term the partnership, the more knowledge transfer they gain. The CM explains:

*“We provide training. So, when we succeed and expand, they too will expand” (CM-AN).*

#### **5.5.4.5 Branding**

As a result of the LPS, the both parties gain benefit in branding terms. Therefore, branding is an outcome of the logistics partnership success. This is because when the CM gains improved logistics efficiency and receives fewer complaints, it will increase the CM’s reputation in the industry. At the same time, the CM’s branding image will increase. While, on the other hand, the TPLP also gains similar benefit but among companies in the logistics industry. For instance, the branding of this TPLP might increase as they serve one of the popular multinational CMs in Malaysia. One of the interviewee from the CM explains:

*“We can still maintain our customer’s trust in our brand. We have been able to retain our brand, which is central. And we have been able to retain our customers” (CM-AN).*

#### **5.5.5 Propositions**

Table 5.6, below, presents the propositions developed in case study D according to the explanation above in analysis. This list of propositions is developed according to the data analysis, the evidence mapping of each dimension, and the earlier propositions presented in Chapter Three.

**Table 5.6:** The Research Propositions for Case Study D (together with newly emerged themes)

<b>Sub-Propositions and Newly Emerged Themes</b>	<b>Proposition</b>
P1a: Logistics service performance namely delivery time, product quality, control and support have a positive impact on the logistics partnership success between the CM and TPLP	<b>Operational</b>
P1b: Investment have a positive impact on the logistics partnership success	
P1c: The use of information technology in communication has a positive impact on the logistics partnership success	
P1d: Sharing information like load planning and future planning have a positive impact on the logistics partnership success between the CM and TPLP	
P2a: Trust has a positive impact on the logistics partnership success	<b>Relational</b>
P2b: Commitment has a positive impact on the logistics partnership success	
P2c: Power has a positive impact on the logistics partnership success	
P2d: Dependency has a positive impact on the logistics partnership success	
P2e: Conflict has a positive impact on the logistics partnership success	<b>Outcome</b>
P3a: Renewal of the contract is an outcome in the logistics partnership success	
P3b: Improved company profitability is an outcome from the logistics partnership success	
<b>Newly Emerged Themes</b>	<b>Newly Emerged Themes</b>
Price of logistics service Price of logistics services influence the success of the partnership between the CM and TPLP	
Understanding Understanding has a positive impact in the logistics partnership success	
Asian sentiment Asian sentiment has a positive impact to the logistics partnership success	
Informal activities Informal activities have a positive impact in the logistics partnership success	
Improved Logistics Service Performance Improvement in logistics service performance is an outcome from the logistics partnership success	
Knowledge transfer Knowledge transfer is identified as an outcome from the logistics partnership success	
Branding Branding is an outcome from the logistics partnership success	

## **5.6 Logistics Partnership Success between the Car Manufacturer (CM) and Third Party Logistics Provider (TPLP): Case Study E**

### **5.6.1 General Information**

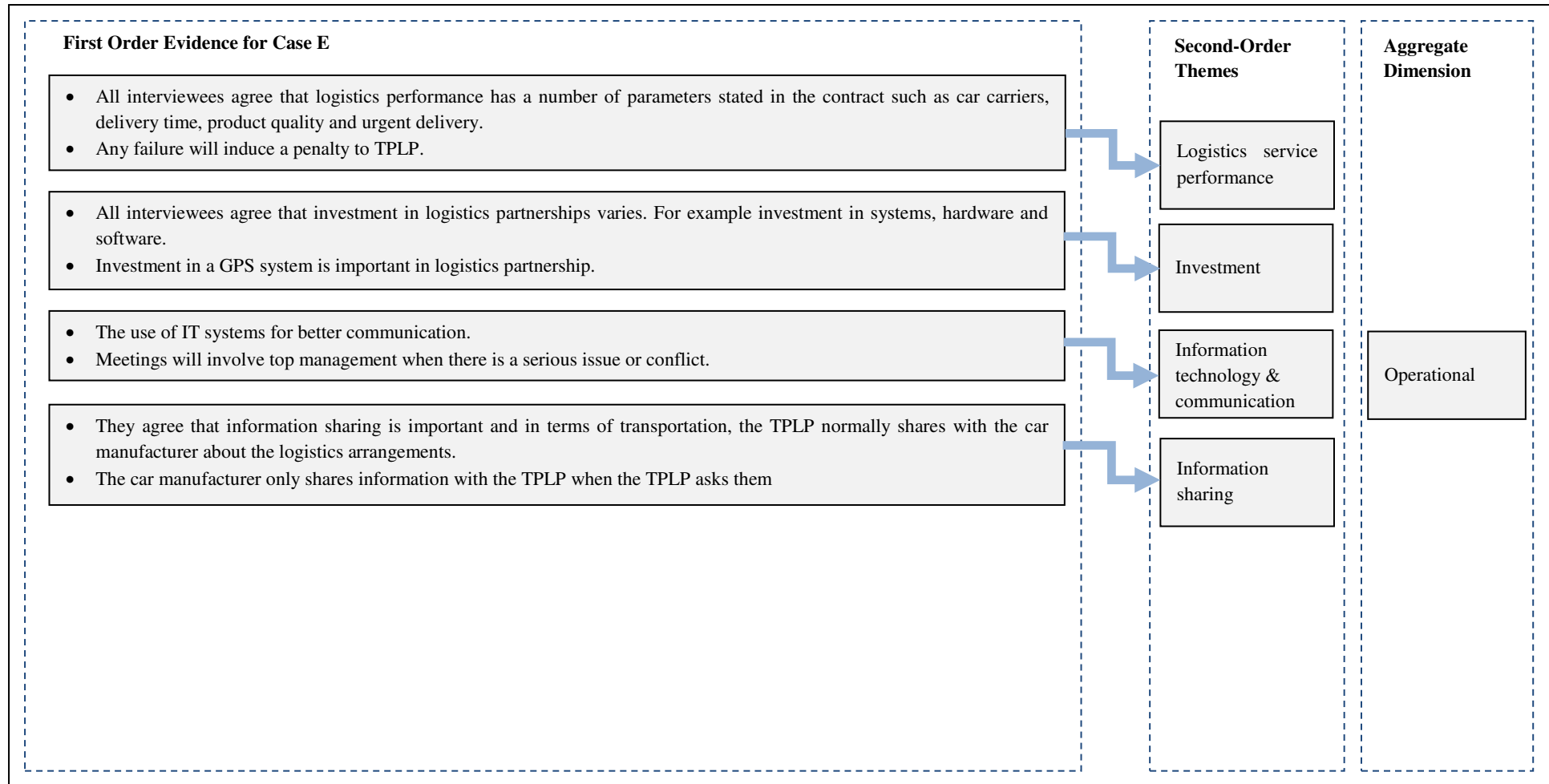
The logistics partnership between the CM and TPLP in case study E is based on the contract agreement between partners. All interviewee's (one from the CM and two from

the TPLP) agree that both the operational and relational dimensions are important for the success of a partnership in logistics.

### **5.6.2 Operational Dimension**

A number of factors are found under the operational dimension which supports the proposed model in Chapter Three together with new emerged themes. Figure 5.13, below, explains the evidence for the operational dimension in case study E.

**Figure 5.13:** Evidence Mapping for the Operational Dimension (Case Study E)



Source: Derived from empirical data

### 5.6.2.1 Logistics Service Performance (LSP)

In case study E, every interviewee agrees that there are a number of parameters to measure the LSP in a logistics performance review between partners to evaluate the TPLP. These parameters are known as KPIs and are in the contracts. The parameters are:

#### a. Car Carriers

Car carriers or support refers to the number of trucks or lorries that the TPLP has to provide to the CM. It is also stated in the contract of agreement between them and failure to provide this support will render a penalty and the marks will be deducted from the evaluation. It is explained by the TPLP representative who says that:

*“If you see from the evaluation sheet, we were given the penalty as a result when we were not able to comply with what had been stated in the contract” (TPLP-NN).*

#### b. Delivery Time

In case study E, another parameter is the delay in delivery as the CM is very particular about pick up time. As explained by the TPLP:

*“For instance, the time frame for picking up the car. Our customers are very meticulous about timing” (TPLP-SB).*

Both representatives agree that any complaint that arises from the delivery also can affect and cause a conflict, as in the following example:

*“We had a minor conflict with regards to the delivery issue... and also when there is a defect on our car” (CM-PTR).*

#### c. Product Quality

Another parameter for LSP measurement in case study E is product quality. Product quality actually relates to the driver. The driver has to check the condition of the car and should there be any defect, the TPLP should inform the CM. This is explained below:

*“Like a quality of the car, the driver should check the car before loading the car to the car carrier... if there is any defect, you should tell us. If not, when it is delivered to the dealer and the dealers check there is a defect on the car like scratches, the TPLP will bear the cost” (CM-PTR).*

It is also clarified by the TPLP representatives:

*“Once the cars have arrived and if it is found that there is a dent or a scratch, for instance, then our driver will be blamed. Here our KPI points will be deducted. If such things do happen, our operation team will investigate. If it is due to the driver’s negligence, the driver will bear the cost. We will cut some of his pay. The cost to cover a dent is usually about RM200. We will cut the driver’s pay immediately. But if the cost goes up to RM1000, we will deduct from the driver’s pay in small sums. We have to do this because there is the possibility that such defects could take place again. When we do this, our drivers will be extra-careful when loading the cars on the trailer. We have to do this because we cannot afford to bear all the costs” (TPLP-SB).*

#### **d. Urgent Delivery**

The CM explains that, sometimes, they have emergency cases like urgent delivery which needs urgent car carriers from the TPLP. Normally, if the delivery is for tomorrow, they will call the TPLP today to confirm that they need a car carrier. If they are not able to support this, a penalty will be given to the TPLP. It is clarified by CM’s representatives:

*“By 3 pm, they will confirm with the TPLP that they need the car carrier and when confirmed, the TPLP will give the car manufacturer the number of plate of the car carrier for tomorrow’s urgent delivery and if any delay, penalty will be given” (CM-PTR).*

Another interviewee representative from the TPLP confirms that their KPI depends on the partner, the CM and it has its own expectations and requirements. He believes that:

*“Our KPI depends on our customer each customer has his own expectation and requirements” (TPLP-SB).*

The TPLP interview representative explains that they really take care of what their partner want and follow all the criteria made by the CM as stated in the contract.



### 5.6.2.2 Investment

Investment is another important factor in the operations dimension that will affect CM-TPLP logistics partnership success. This factor shows how committed the TPLP is to their CM in order to provide excellent logistics service to the CM. In case study E, the CM expects their TPLP to invest in a GPS system, whereby they can trace the car carrier at any time. It is easier for the TPLP to answer when the CM asks the location of the car carrier at any particular time. He explains that:

*“They willing to invest in a GPS system rather than lorry” (CM-PTR).*

However the TPLP argues that they made several large investments, such as on facilities, hardware and software. The representative explains that:

*“We have made a great deal of investments. We invest in terms of facilities, hardware, and software.... for instance, the GPS system. We use VMI Greenlight from the COBRA company. It is overseas software that we rent. We cannot afford to buy the technology because the technology changes quite rapidly. We will lose if we buy the technology” (TPLP-SB).*

The GPS system in every car carrier will help both parties communicate smoothly especially when the CM needs to know the proximity of the car carrier at any one time. The representative state:

*“For instance, if a customer asks us, where is our truck? We would check with the GPS system and if anything bad happens, we will find out sooner. In fact, we are in the process of upgrading our system. The moment our truck arrives at the delivery point, the computer will alert us that the delivery has been made” (TPLP-SB).*

### 5.6.2.3 Information Technology (IT) and Communication

Both parties agree that the use of IT in communication is vital. They agree that they communicate with each other through email, phone and meetings. As explained by the CM representative:

*“So far we use email, meetings and phone” (CM-PTR).*

The TPLP is of the view that communication is vital. The TPLP’s representative said that:

*“In business relations, communication is vital...when communication breakdown happens, sometimes it does affect the operation and the arrangement.. so that’s why communication is important and the use of an IT system to communicate could avoid miscommunication” (TPLP-SB).*

All interview representatives agree that face-to-face meeting is held only when there is an issue or conflict and in this case the top management will be involved.

#### **5.6.2.4 Information Sharing**

Both parties agree they share some information as information is important in a partnership. However, it is a different practice to case study A, B, C and D. According to the CM in case E, the information is only been shared when the TPLP asks for it. The representative explains that:

*“So far, we share the information.. but if they do not ask, we do not tell them” (CM-PTR).*

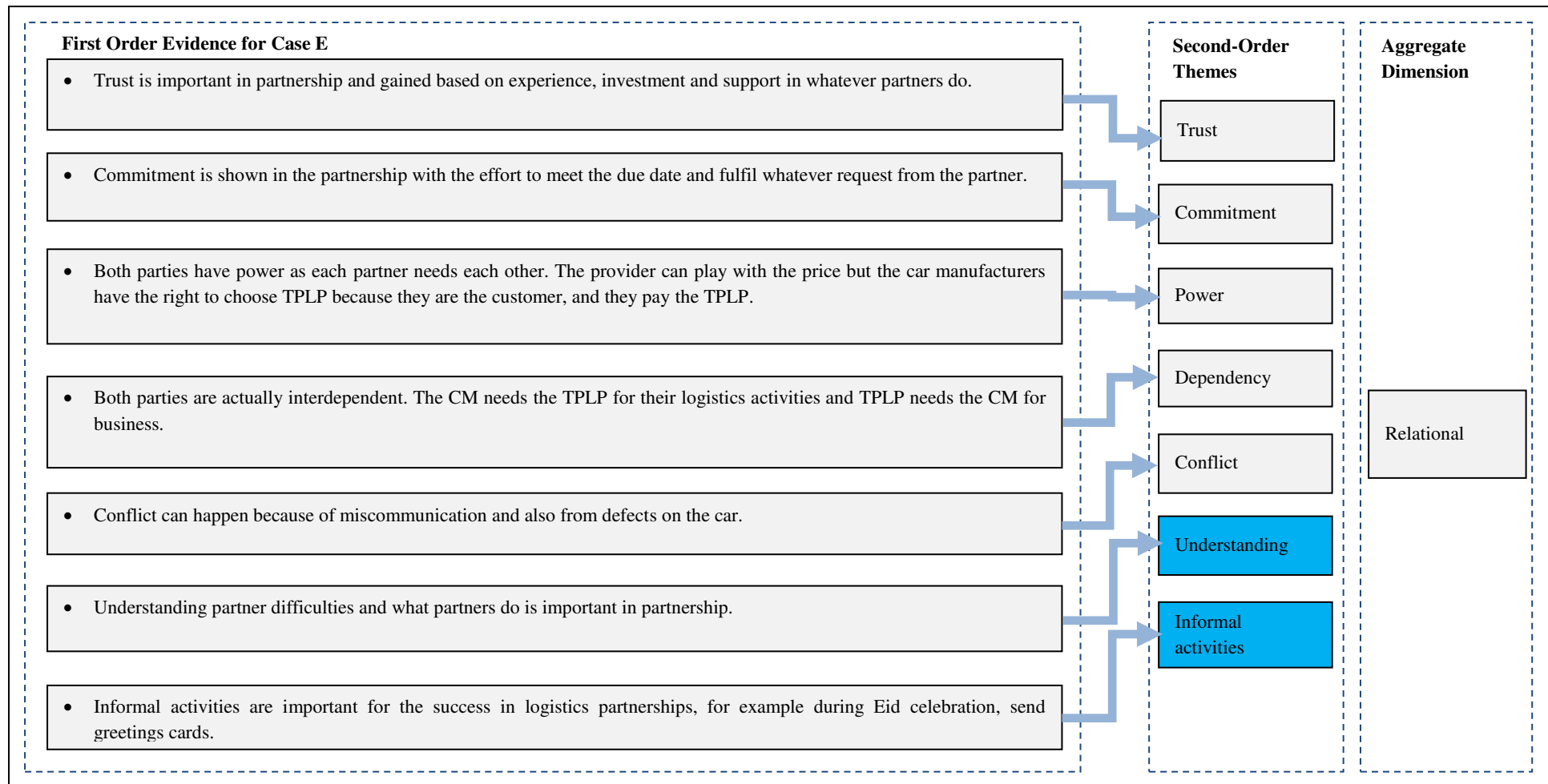
Whereas, the TPLP does agree that they share information with the CM especially in terms of their logistics arrangement. The representative explains that:

*“In terms of transportation, we share with them about our logistics arrangement” (TPLP-NN).*

#### **5.6.3 Relational Dimension**

Both parties agree that relational dimension is important in a successful logistics partnership. It is agreed that there are some factors under this dimension as evidenced in Figure 5.14, which also depicts the newly emerged factor in blue.

**Figure 5.14:** Evidence Mapping for the Relational Dimension (Case Study E)



Source: Derived from empirical data

### 5.6.3.1 Trust

All interviews agree that trust is vital in a partnership and it is actually developed based on experience on working together in the partnership. As claimed by the CM's representative, trust is subjective. He believes that:

*“Actually, trust is subjective... for instance, even though they have already delivered thousands of cars, but when one is lost, we still find it hard to trust them... as I said trust is subjective” (CM-PTR).*

As explained by the TPLP representative, they gain trust from the CM when they do whatever the CM's wants and support their CM as agreed. He states that:

*“We support whatever they want... from there we get trust from them... competitors are everywhere that is why whatever our CM wants we support” (TPLP-NN).*

Another interviewee from the TPLP believes that they gain trust from the CM because of their investment. He explains that:

*“We have been investing so that the customers believe that we have an advantage in the market and also we can provide good service. In fact, we have no problem competing with our competitors. Other people can deliver and so can we. We want an added value, what we can actually offer to our customers. We would like to place our company at a higher level. Not a company that simply does its tasks without giving much in return. We would like to upgrade our operation so that we can monitor the entire system. For instance, if a customer asks us, where is our truck? We would check with the GPS system and if anything bad happens, we will find out sooner. In fact, we are in the process of upgrading our system. The moment our truck arrives at the delivery point, the computer will alert us that the delivery has been made” (TPLP-SB).*

### 5.6.3.2 Commitment

Commitment is also vital in a partnership as it shows the effort from a partner in the partnership. The TPLP representatives claim that they always show their commitment with meeting the due date as the CMs want. He explains:

*“We always meet the due date and we must follow whatever customer's request” (TPLP-NN).*

### **5.6.3.3 Power**

Both parties have different views on power in the partnership. In case study E, the CM claims that the TPLP has power as they are the provider, they have the asset, and sometimes they can play with the price. As claimed by the CM representative,

*“The TPLP sometimes chooses, sometimes they charge a very high price... You like it or not, you have to pay for it if you want your car to be delivered there”* (CM-PTR).

While on the other hand, the TPLP representative explains that the customer has the power as they are the customer. He clarifies:

*“Of course the CM because they are the customer”* (TPLP-SB).

However, the misuse of power in the relationship could give negative influence to the success of the relationship.

### **5.6.3.4 Dependency**

Both parties actually need each other as they are inter-dependent. The CM agrees with this with saying that:

*“I believe that in this industry, every CM needs TPLPs”* (CM-PTR).

In another view, the TPLP needs the CM as they need a business to maintain in the industry. The TPLP representative explains that:

*“We need each other, in the supply chain, if one party is gone, it is incomplete...100% they are dependent on us”* (TPLP-SB).

That is the rationales why they need to be in a partnership as they need each other.

### **5.6.3.5 Conflict**

In a partnership, conflict can affect the success of a relationship. In a logistics partnership, both parties agreed that they sometimes experience a minor conflict. For example, the CM raised an issue that is related with the quality of the cars. He explains

that:

*“Conflict normally happened when there is a car defect” (CM-PTR).*

As explained by the TPLP,

*“We normally have minor conflict when there is a simple error...and sometimes it is because of the communication” (TPLP-NN).*

It is significant to note, here, that if this conflict happens and is not managed well, it could negatively affect the relationship.

### **5.6.3.6 Understanding**

Understanding is a newly emerged theme from the data. Understanding the partner is important in any relationship. Therefore, understanding each other has a positive influence on the logistics partnership success. One of the representatives from the TPLP said that:

*“Understanding each other is essential... We need to have some knowledge about our customers too and that is how we get their attention” (TPLP-SB).*

### **5.6.3.7 Informal Activities**

The newly emerged theme informal activities are important for a partnership to succeed. Therefore, informal activities have a positive impact on the logistics partnership success. It can be regarded as the way the partner shows some respect and concern in a partnership that helps the relationship to flourish. As explained by the TPLP representative, sometimes problems are discussed at the coffee shop:

*“When we need to make a deal or discuss, we would meet at a coffee shop. This is an example of informal communication. We entertain them” (TPLP-SB).*

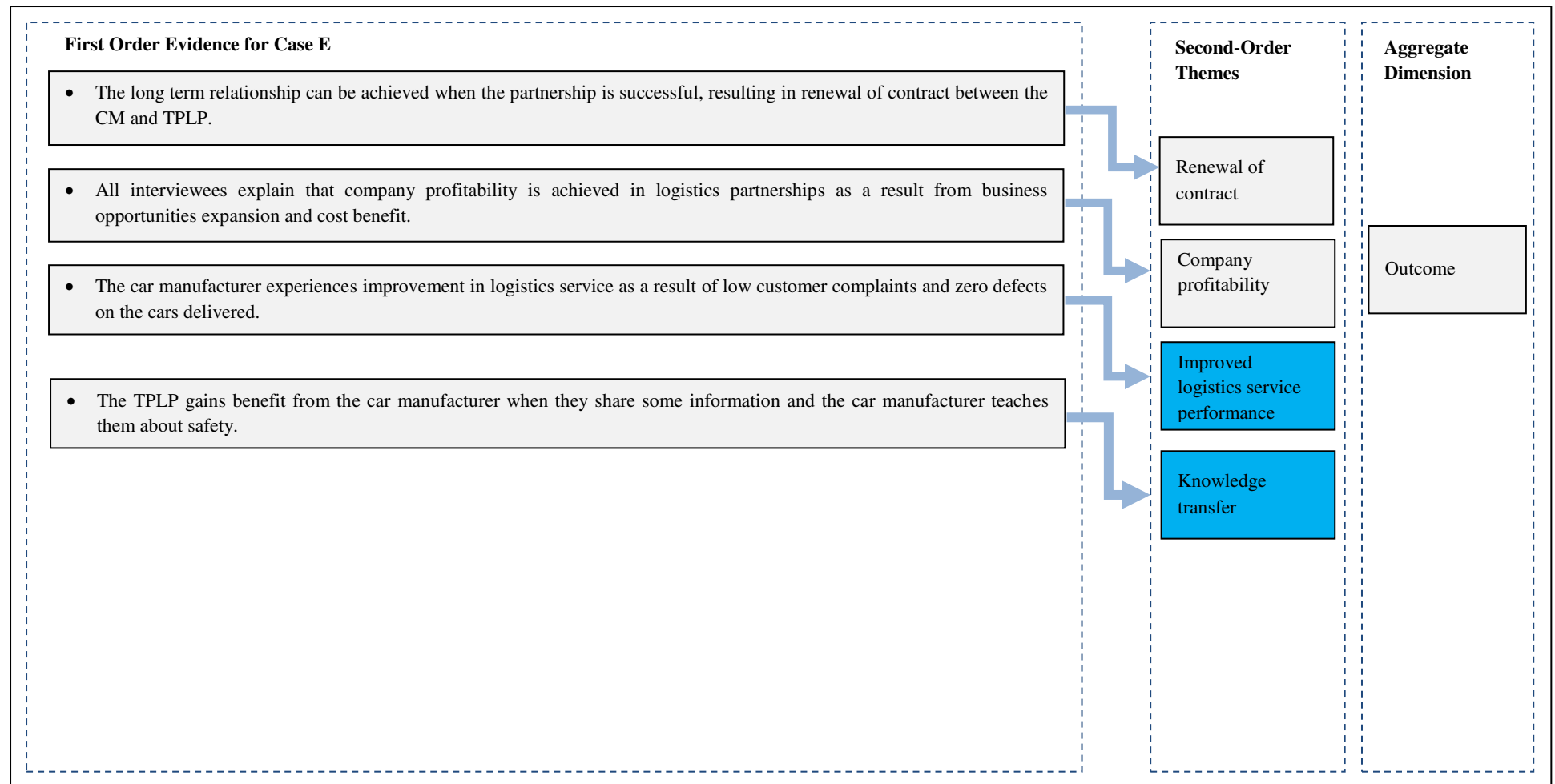
As explained by the CM representative:

*“During the Eid Celebration or any other celebration, they send greetings and oranges” (CM-PTR).*

#### **5.6.4 LPS Outcome**

All interviewee's representatives agreed that there are a number of outcomes as a result from win-win situation in a LPS as illustrated in Figure 5.15, which also shows the newly emerged factor in blue.

**Figure 5.15:** Evidence Mapping for the Outcome in Logistics Partnership (Case Study E)



Source: Derived from empirical data



#### **5.6.4.1 Renewal of Contract**

It should be highlighted that as a result of a successful partnership between the CM and TPLP, the contract will be renewed as the relationship continues between the CM and TPLP. Therefore, the renewal of the contract is an outcome of the logistics partnership success. As explained by the TPLP:

*“We get to expand our business” (TPLP-NN).*

#### **5.6.4.2 Company Profitability.**

Both parties will gain profitability as a result of success in the partnership. The TPLP will gain profit as a result from the business opportunities they obtain from the CM in the partnership; while, on the other side, the CM gains profit in terms of cost reduction. The quotes, below, from both sides explain the situation:

*“From the management point of view... we get to expand our business” ( TPLP-NN).*

*“We achieve cost reduction in terms of transportation...” (CM-PTR).*

#### **5.6.4.3 Improvement on the Logistics Service Performance (LSP)**

Another newly emerged outcome is the improvement by the CM in LSP provided by the TPLP. Therefore, improved logistics service quality is an outcome of the LPS. For instance, they can deliver the cars without any defects. It is explained by:

*“I find that success is when you have achieved target and the customer is happy” (TPLP-SB).*

The CM representative clarifies:

*“Success means when the cars are delivered without any defect or damage” (CM-PTR).*

#### **5.6.4.4 Knowledge Transfer**

Another outcome identified in case study E is knowledge transfer in the logistics partnership. Knowledge transfer is an outcome of the logistics partnership success. For

instance, as explained by the TPLP representative, they gain benefit from the partnership when the CM teaches them about issues of safety. It is explained with:

*“For instance, the CM has taught us about safety and so on. We consider this knowledge as a benefit gained” (TPLP-SB).*

### 5.6.5 Propositions

Based on the findings above, a list of propositions is presented in Table 5.7. This list of propositions is based on the analysis of the data, the evidence mapping of each dimension, and the earlier development of propositions in Chapter Three.

**Table 5.7:** The Research Propositions for Case Study E (together with newly emerged themes)

<b>Sub-Propositions and Newly Emerged Themes</b>	<b>Proposition</b>
P1a: Logistics service performance such as delivery time, car carriers, product quality and urgent delivery positively influences the logistics partnership between the CM and TPLP	<b>Operational</b>
P1b: Investment has a positive impact on the logistics partnership success	
P1c: The use of information technology in communication has a positive impact on the logistics partnership success	
P1d: Sharing information like production volume has a positive impact on the logistics partnership success	
P2a: Trust has a positive impact on the logistics partnership success	<b>Relational</b>
P2b: Commitment has a positive impact on the logistics partnership success	
P2c: Power has a positive impact on the logistics partnership success	
P2d: Dependency has a positive impact on the logistics partnership success	
P2e: Conflict has a positive impact on the logistics partnership success	
P3a: Therefore, the renewal of contract is an outcome from logistics partnership success.	<b>Outcome</b>
P3b: Company profitability is an outcome in the logistics partnership success	
<b>Newly emerged Themes</b>	<b>Newly Emerged Themes</b>
Understanding Understanding each other has a positive influence on the logistics partnership success	
Informal activities Informal activities have a positive impact on the logistics partnership success	
Improved Logistics Service Performance Improved logistics service quality is an outcome for the logistics partnership success	
Knowledge Transfer Knowledge transfer is an outcome in the logistics partnership success	

## **5.7 Logistics Partnership Success between the Car Manufacturer (CM) and Third Party Logistics Provider (TPLP): Case Study F**

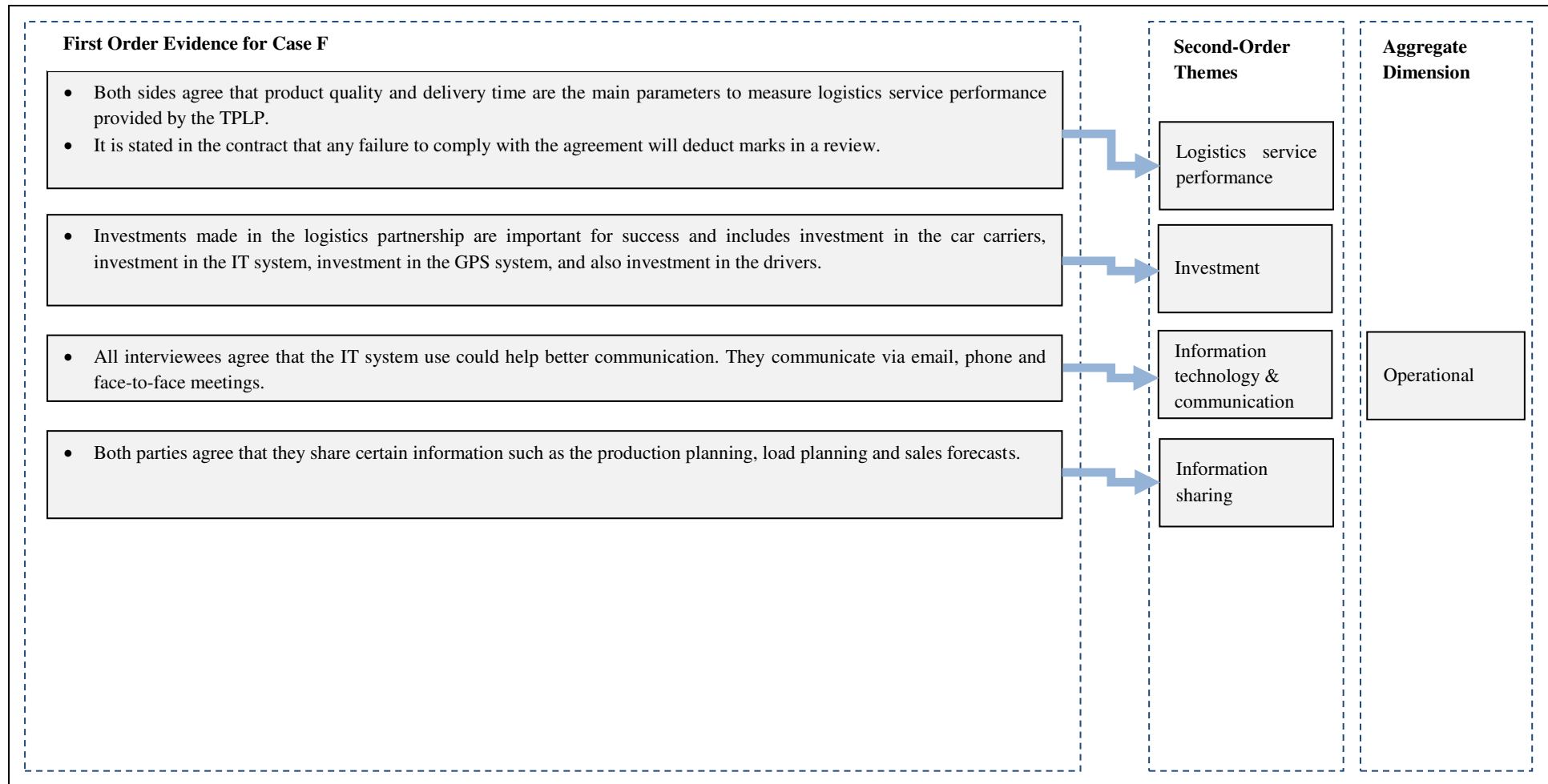
### **5.7.1 General Information**

The relationship between the CM and the TPLP is a unique relationship as it started a long time ago (outside Malaysia) and it is based on an agreement contract either on a 2+1 or 3+1 basis. Both parties are multinational companies (MNC) from Germany. All interviewees agree both operational and relational dimensions are vital for success in a logistics partnership in the Malaysian automotive industry.

### **5.7.2 Operational Dimension**

From the analysis in this case study, the researcher found that there are a number of factors under the operational dimension, as evidenced in Figure 5.16, below. Figure 5.16 presents all evidence for the operational dimension in case study F.

**Figure 5.16:** Evidence Mapping for the Operational Dimension (Case Study F)



Source: Derived from empirical data

### 5.7.2.1 Logistics Service Performance (LSP)

In case study F, all respondents agree that they have two important parameters of LSP which are evaluated on a monthly basis (also known as KPI). As explained by the TPLP representative:

*“Evaluation is done on a monthly basis. For example, in January, our target is 500 cars. They will see that out of these 500 cars, how many were delivered late and how many were damaged. We have a customer complaint index. We can see this from the e-mails. If there are any damages, the customer will complain directly to the CM and they will refer to us” (TPLP-MW).*

Any disagreement with this KPI will result in the deduction of the payment and this can be regarded as a penalty due to failure of doing things that have been agreed in the contract. The two most important KPIs are the quality of the product/car and late delivery as quoted;

*“On paper, these two KPIs are clearly mentioned. The most important factor are the two KPIs. Delivery and the quality of products” (TPLP –MN).*

#### a. Delivery Time

In case study F, there is a unique management to handle the delivery of the car from both sides. For the CM side, when the car is ready to transport, a video is given to the handler saying how many cars will be transported on that day and what time the trailer or car carrier will come. As it is a luxury car, the delivery depends on the production as per the quotation below:

*“For us, once we receive the video, every time when they have the units here, we already known how many unit we got. Let’s say for example 20 units, before 12 o’clock today, we will call the TPLP people. That is what we do every day. The delivery is on a daily basis..... If they have the unit sales, so if the plants give 20 units, so we take out the 20 units. If for example, today the plant don’t give anything, so no delivery. That is what happens here.... Normally, loads are dependent on the production. If production gives 20, then we will take out the 20 units. Sometimes we take 18 units and two will be audited. For audits, normally they take two days. And after that, the car will go out. That is the delivery time” (CM-EF).*

Another interviewee explains that:

*“We don’t have any problem with them. Delivery also no problem, normally,*

*minimum two trips per day” (CM-KA).*

The TPLP representative explains that for local delivery, which is in the Klang Valley area, they have to deliver within 24 hours and for outstations (outside Klang Valley) within 48 hours and if any delay, penalty will be given to them. This quote justifies this explanation:

*“Local delivery means we have to send out the cars within 24 hours. Local means delivery in the Klang Valley area. Outside means delivery has to be done within 48 hours. If we are delayed, say, we take more than 48 hours to deliver, this will affect our KPI” (TPLP-MN).*

#### **b. Product Quality**

Another factor in the LSP is product quality. It refers to the quality of the cars when they are delivered to the car dealers. Meaning that, it is expected that they should not have any damages, scratches or dent. If there is any defect to the car, marks will be deducted in the KPI. This is explained by the CM’s representative:

*“The customer tends to complain about damages on the goods. As for our KPI for the delivery, usually we have been able to maintain a 99% success. And the damages are not really that bad. We maintain about 90% KPI in this area” (TPLP-MN).*

It should be noted here that similar to the other case studies, in case study F, if anything happens during delivery the TPLP will bear the cost.

Moreover, the CM representative explains that before the car is sent to the TPLP, the distribution department has already checked the car. He adds that:

*“When they assemble, before they give us, distribution, we already check the car. We got our standard to follow. If we had any issue on the spot we will made a decision there, if agree then we will move the units out. That is how we follow. That is the standard where we have to follow. Once the car comes to us, let’s say today the car comes to us tomorrow, the car will be moving on already. So we already check during the F2 area, we check the unit. Once we finish complete checking already, that’s it. The TPLP will responsible once they go out” (CM-EF).*

However, in case study F, there is no issue on product quality so far as everything is fine and the TPLP really takes care of their cars. Moreover, the TPLP agrees that product quality of main importance in the logistics service

performance review with saying:

*“Scratches have also been the main issue” (TPLP-MN).*

### **5.7.2.2 Investment**

Both parties agree that in a logistics partnership investment is one way of showing commitment. Investment also relates to success in the partnership which means the contract or business that the TPLP has with the CM. The interviewee from the TPLP explains:

*“But the investment that we have made in general is always based on the planning that we have with the CM” (TPLP-MW).*

There are many types of investment in logistics partnerships such as investment in the IT system for better communication; investment in the GPS system for transportation and also investment for the TPLP’s drivers. One of the interviewees from TPLP explains that:

*“So far, we have been investing quite a lot. One of the investments that we made is in terms of the IT system. We have a custom-made IT system specifically to monitor vehicle. The system monitors the cars that get in, the cars that leave, the cars that are sent to the dealers. All these are there in the system. We can also detect the where about of the cars. The system is called CARIN which is from German. Its server is also based in German and is used worldwide. Our company uses this system in India and in Africa. This system can also be used on an interface basis as it is web-based. We also have an open function where the CM’s customers can check their current stock and many more” (TPLP-MN).*

This unique system is parallel with their parent company overseas and all worldwide providers using the same system, including Malaysia.

It is significant to highlight that investment made by the TPLP is based on the planning the CM shares. He states that:

*“The investment that we have made in general is always based on the planning that we have with CM” (TPLP-MW).*

Additionally, the CM confirms that their partner has made a lot of investments. He confirms that:

*“They have made some investment” (CM-EF).*

### **5.7.2.3 Information Technology (IT) and Communication**

The use of IT in communication is vital. All interviewees agree that they use IT systems for better communication; for example, the email and IT system used for transportation activity as the data can interface. The TPLP said that:

*“I would say, in terms of data accuracy, the use of IT is important. If the data is not accurate, then they will not be satisfied” (TPLP-MN).*

The CM mentions that:

*“They got their IT system they just set” (CM-EF).*

Another interviewee explains that:

*“So far we communicate with email” (CM-KA).*

Furthermore, the TPLP side confirms that they communicate with email, apart from phone calls and weekly meetings. He says that:

*“So far, we communicate by email, phone calls and meetings. The meeting is held once a week and even though we don’t have any serious issues, we communicate with them regularly” (TPLP-MW).*

A meeting is held if there is a serious issue even they met regularly as claimed by the CM:

*“So far meeting based on issue” (CM-EF).*

The TPLP added that:

*“Formal meeting is rare, usually we hold informal meetings. For instance, if our boss goes there, he will meet them.... It is not that often we have meetings. The meetings depend on the issues we need to sort out. We only hold meetings, when there are issues.*



*And usually, the issues emerge based on the dealer's complaints. Or if the system is down" (TPLP-MN).*

#### **5.7.2.4 Information Sharing**

Both parties agree that they do share some information as it helps both parties to do work as planned and achieve their targets. However, there is limited information that they are sharing such as only limited to production planning and loading planning. The TPLP's interviewee explains that:

*"We share information with the CM because they are our customer. We remind ourselves that the CM is our customer. So we try to fulfil their demands. On the CM's side, they only share information for operations with us. They do not share any other information. Our CM has set the standard, business only. They are very professional" (TPLP-MN).*

The CM explains that:

*"In terms of information, we share everything. Even if they damage the car they will tell us. They share with us. But our side, we share limited information. Normally, we have nothing much to share. Just operational. So far, how many cars to deliver, something like that.... normally we share the forecast of the car produced with the provider" (CM-EF).*

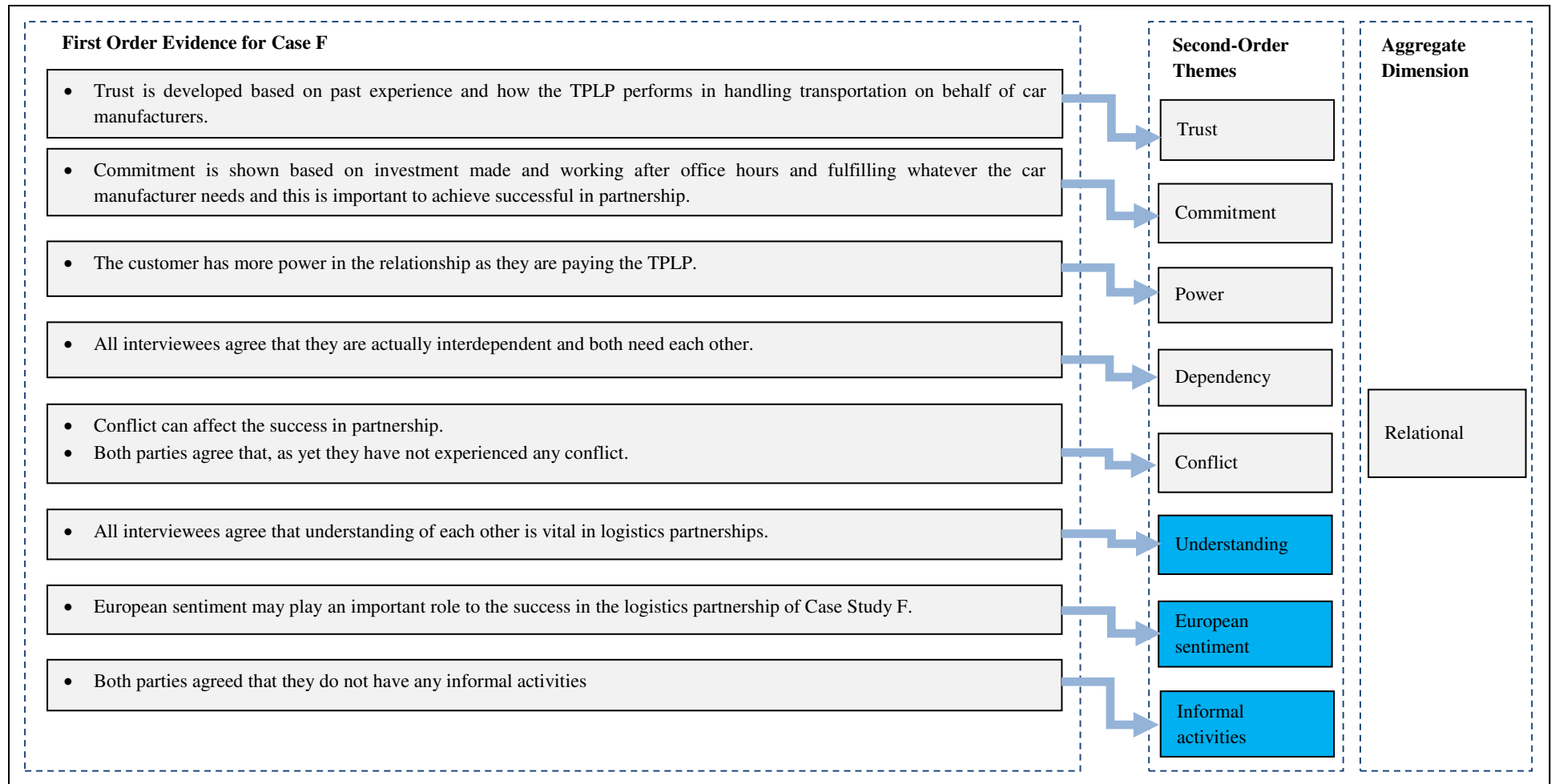
As explained by the TPLP side:

*"We explore new exploration. Also, our partner shares with us their sales forecast and everything. We plan together" (TPLP-MW).*

#### **5.7.3 Relational Dimension**

All interviewees agree that relational dimension factor is also important for LPS. There are many factors found under this dimension in case study F as explained in Figure 5.17, the newly emerged factors being highlighted in blue.

**Figure 5.17:** Evidence Mapping for the Relational Dimension (Case Study F)



Source: Derived from empirical data

### 5.7.3.1 Trust

In case study F, trust is developed based on the experience with the partners in the relationship and it is related to the investment factor. The TPLP mainly looks at their experience with the CM and the company's reputation. An interviewee from the TPLP side said that:

*"For us, trust is developed overtime. Trust is developed through our performance, on how we handle the cars. These aspects are extremely important"* (TPLP-MW).

From the findings, it is a unique case as trust is inherited from past experience as both the CM and the TPLP are from Germany and the relationship has been on going. They started in partnership a long time ago and from there they developed trust, which continues, still, even in Malaysia. As mentioned by the CM:

*"Automotive industry is a small world... it is based on a lasting long relationship...we developed trust based on experience, how they handle our cars"* (CM-EF).

Another interviewee explains that:

*"Actually we developed trust a long time ago. I would say it is also the way we work is the same culture- Germany. Based on experience with them in terms of performance, all no problem. From there, we develop trust and also can work together.... so far, we already two years working with them and so far no problem with the car carrier"* (CM-KA).

It is also confirmed from the TPLP:

*"We have been having this relationship way back. In fact, the relationship started in Germany. And one more thing, German companies prefer to work with their counterparts from Germany. Just like us here in Malaysia where the Kelantanese prefer to work with Kelantanese. Because we are familiar with how they work"* (TPLP-MN).

He adds:

*"Obviously, it takes some time and as long as we perform and follow the direction, it should be all right. We have not had any problems yet. And another reason why we trust our partner is because both companies, ours and our partner, are of German origin. In Germany, we have been working together for about 30 years. So far, we only manage this CM. So far, we notice that our customer holds on to German mentality"* (TPLP-MN).

### 5.7.3.2 Commitment

In any partnership, commitment is vital. All interviewees agree that commitment is important. However, from the CM side, they claim that the CM shows their commitment because they need business. He clarifies:

*“So far they show their commitment very good because they need business... they happy to do it whatever we ask as provider is very limited in the industry” (CM-EF).*

Another interviewee from the CM explains:

*“They will come whenever we call them. Even when we have an emergency order. On the other side, actually more trips means more income to them...they are willing to take extra trips” (CM-KA).*

The interviewee from the TPLP shows that they are committed in the logistics partnership with the CM as they do whatever the CM asks and, also, they work over time. He explains:

*“However, if they ask us to deliver cars unexpectedly, which is not part of our KPI, we would still have to do as instructed by them... In terms of commitment, I would say. We follow their KPIs, for instance. We have invested with the IT system” (TPLP-MN).*

From the findings, it is significant to note that the TPLP shows their commitment with working extra hours as instructed by CM, as this quote explains:

*“If the CM expects us to work overtime on Saturdays and Sundays, we will do just that. And we will claim the payment from them. The standard load for a day to day basis would be five loads. One load refers to a truck. Five loads means there will be 25 cars. We use long carriers. We will send the cars to all the dealers in Peninsular Malaysia, except for the states of Perlis, Kelantan and Terengganu where we do not have any dealers in these states” (TPLP-MN).*

Another quote from the TPLP side is:

*“For me, in order to gain success in partnership, it would have to be commitment. We give full support to them. We work on Sundays, we have midnight shifts. We have KPIs and for me, give and take in a relationship is also important” (TPLP-MW).*

### 5.7.3.3 Power

In partnership, the customer would be more dominant and always to be likely to have more power. As explained by the CM:

*“Of course the customer has more power...as I said earlier, our aim is to make sure all the finished cars can be delivered to our clients/dealers and the TPLP must do as we instruct” (CM-KA).*

At the same time, the TPLP confirm that they will do whatever job as instructed by the CM and this reflects that the CM has more power in the relationship. He believes:

*“However, if they asked us to deliver cars unexpectedly, which is not part of our KPI, we would still have to do as instructed by CM” (TPLP-MN).*

On the other hand, the TPLP also has power in the relationship as they are the expert in logistics. In case study F, they do not have any problem with this factor as explained by the TPLP,

*“We have been having a smooth relationship, mostly because we have worked together with them for a long time” (TPLP-MN).*

### 5.7.3.4 Dependency

In case study F, both parties agree that they are inter-dependent. As claimed by the CM:

*“We are quite dependent to our TPL. In fact we have been with them for a long time” (CM-KA).*

This is confirmed by the TPLP:

*“Yes, they are highly dependent on us because we are their only TPLP. Obviously, they depend on us” (TPLP-MN).*

Another interviewee from the TPLP supports the same agreement by saying that:

*“For me, in partnership, both need each other. At the same time everyone is replaceable. But our relationship with the CM has started more than two years ago” (TPLP-MW).*

### **5.7.3.5 Conflict**

Both parties agree that they do not have any conflict in their relationship which also reflects they are actually successful in partnership. All the quotes from the interviewees are as below:

*“So far, they are very fair and what we do is we facilitate the CM because they are our customer” (TPLP-MW).*

*“So far we don’t have any conflict with them and we are happy working together” (CM-KA).*

### **5.7.3.6 Understanding**

Understanding is a newly emerged theme from the data. Therefore, understanding each other has a positive influence on the logistics partnership success. The CM side believe that understanding each other in partnership is vital so that they can achieve what has been planned. He believes:

*“Achieved what we plan and understand each other” (CM-KA).*

As claimed by the TPLP, understanding each other is vital and this could avoid conflict. He explains that:

*“We work together to achieve the target. Actually, business relationship is like marriage. If the husband and wife go in different directions then problems will arise” (TPLP-MW).*

### **5.7.3.7 European Sentiment**

The European sentiment is a newly emerged theme from the data, showing that this positively influences the CM/TPLP logistics partnership. In case study F, both parties agree that they have a long standing relationship from working together in Germany, where they are largely governed by European traditions in the workplace. And whilst the cultural aspect is not a focus of this study, it is being reported since it represents an interesting finding from the TPLP side. As claimed by the TPLP, they prefer to work with a German company as they might have the same background and working style.

With this point, the researcher believes that the sentiment of the country can affect partnership success. The TPLP said that:

*“Besides, we have been having this relationship way back. In fact, the relationship started in Germany. And one more thing, German companies prefer to work with their counterparts from Germany. Just like us here in Malaysia where the Kelantanese prefer to work with Kelantanese. Because we are familiar with how they work” (TPLP-MN).*

#### **5.7.3.8 Informal Activities**

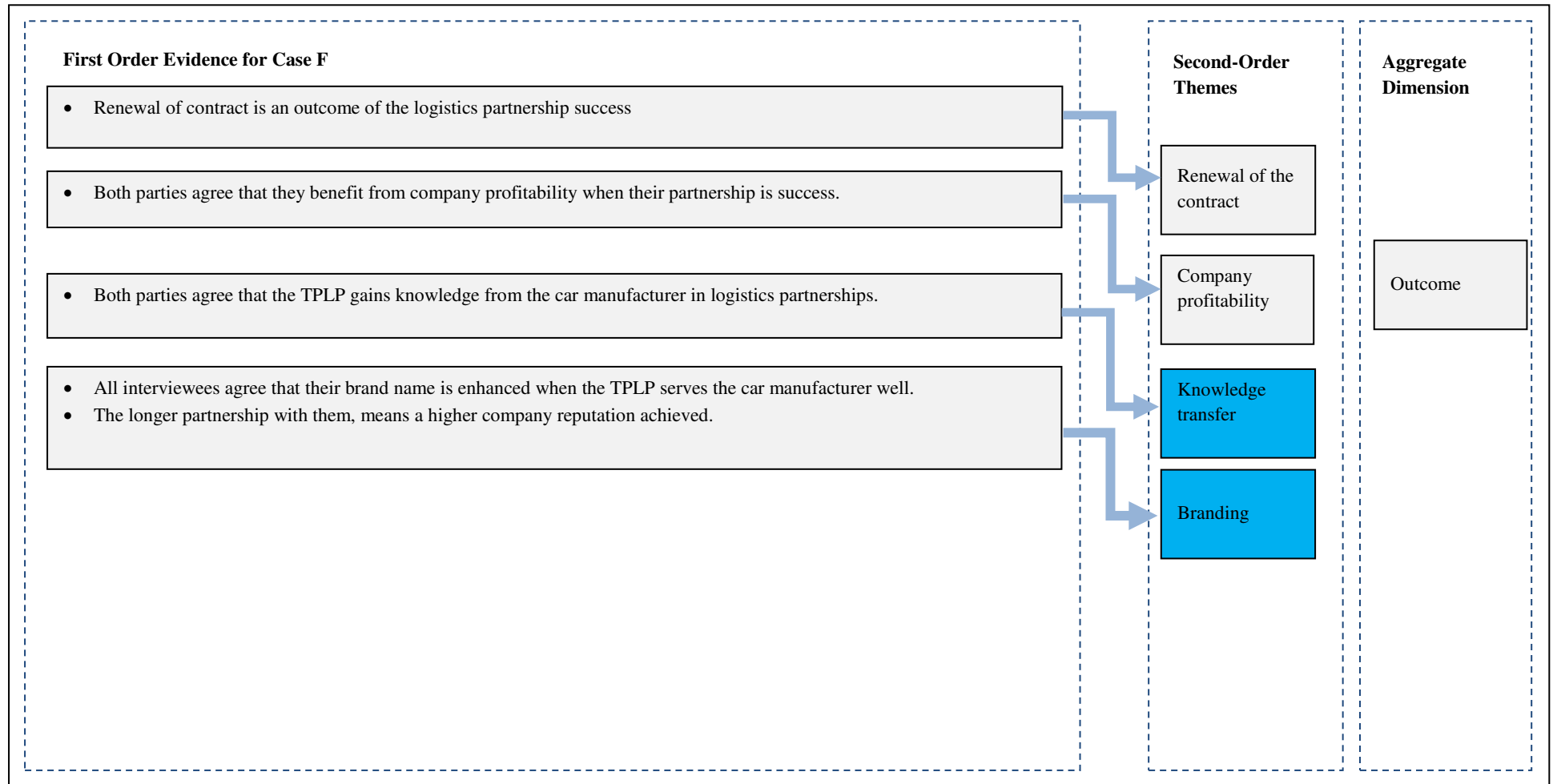
Informal activities have no effect on the logistics partnership success. Both parties agree that they do not have any informal activities and there is no involvement in any other activities. He claims that:

*“They are very professional. There are not joint activities or anything like that...Only formal” (TPLP-MN).*

#### **5.7.4 LPS Outcome**

For a successful logistics partnership, all interviewees, from both parties, agree that a number of outcomes result in a win-win situation, as documented in evidence mapping in Figure 5.18. The newly emerged factors are highlighted in blue.

**Figure 5.18:** Evidence Mapping for the Outcome (Case Study F)



Source: Derived from empirical data



The CM believes that they are successful when they achieve what they plan. The following quotes from, both sides, confirms the situation:

*“Every year we have success... meaning that we achieve what we have planned”* (CM-KA).

*“We are successful as long as the customer is happy and we deliver better and they are satisfied with us”* (TPLP-MW).

#### **5.7.4.1 Renewal of the contract**

In this case, the interviewees did not discuss the issue of contract renewal in depth. This might be because as explained above, their relationship is unique and the parent company has already made the decision that the relationship will be long-term. This is because it recognises that there are benefits to the relationship. Hence, renewal of the contract is an outcome of logistics partnership success, shown via benefits to the client. A TPLP interviewee said:

*“Our relationship begins from Germany. In fact, our rapport with our CM has been going on for quite a while”* (TPLP-MN).

In this case, they also define success of the partnership in terms of other benefit as discussed below.

#### **5.7.4.3 Company Profitability**

Both parties agree that they achieve company profitability when they are successful in the partnership. The CM obtains this as a result from the cost benefit. On the other hand, the TPLP will gain more profit when they have gain more businesses from the CM, as confirmed in the following quotes:

*“So far, we have been giving them value-added services. They can save cost when they employ us so there is no reason for them to work with a different TPLP....in terms of finance; we as TPLP do get profits even though not many”*(TPLP-MN).

#### **5.7.4.4 Knowledge Transfer**

Knowledge transfer emerged as a new theme, being cited as one outcome that benefits both parties when the logistics partnership is a success. As explained by the TPLP, they gain a benefit from knowledge sharing. He explains that:

*“They are professionals in business. We keep improving and sometimes we share knowledge” (TPLP-MW).*

They gain knowledge when they obtain information from the CM on how to handle the loads and when they share information.

#### **5.7.4.5 Branding**

From the data, the interviewee also suggests that the newly emerged theme of branding is one of the outcomes of LPS. In this case study, branding benefit go to the TPLP as they are serving a very prominent CM. He believes:

*“Actually, new companies like us are grateful that we got this CM deal. I do not think there are any other benefits” (TPLP-MW).*

While, on the CM side, their company reputation is increased when they are able to fulfil their customer demand and there is no problem with the delivery. As a result of the excellent LSP by the TPLP, the CM’s branding is increased.

#### **5.7.5 Propositions**

Based on above explanation, the researcher developed a list of propositions, as provided in Table 5.8, below. This list is developed according to the analysis of the data, evidence mapping of each dimension, and the earlier propositions appearing in Chapter Three.

**Table 5.8:** The Research Propositions for Case Study F (together with newly emerged Themes)

<b>Sub-Propositions and Newly Emerged Themes</b>	<b>Proposition</b>
P1a: Logistics service performance, namely, product quality and delivery time significantly influence the success of the logistics partnership between the CM and TPLP.	<b>Operational</b>
P1b: Investment has a positive impact on the logistics partnership success	
P1c: The use of information technology in communication has a positive impact on the logistics partnership success	
P1d: Sharing information like production volume, load planning And sales forecasts have a positive impact on the logistics partnership success	
P2a: Trust has a positive impact on the logistics partnership success	<b>Relational</b>
P2b: Commitment has a positive impact on the logistics partnership success	
P2c: Power has a positive impact on the logistics partnership success	
P2d: Dependency has a positive impact on the logistics partnership success	
P2e: Conflict has a positive impact on the logistics partnership success	
P3a: Renewal of the contract is an outcome in the logistics partnership success	<b>Outcome</b>
P3a: Company profitability has a positive impact on the logistics partnership success	
<b>Newly Emerged Themes</b>	<b>Newly emerged Themes</b>
Understanding Understanding each other has a positive influence on the logistics partnership success	
European Sentiment European sentiment between the CM and TPLP positively influence the logistics partnership success	
Informal Activity Informal activities have no effect to the logistics partnership success	
Knowledge Transfer Knowledge transfer is an outcome of the logistics partnership success	
Branding Branding is an outcome from the logistics partnership success	

## **5.8 Logistics Partnership Success between the Car Manufacturer (CM) and Third Party Logistics Provider (TPLP): Case Study G**

### **5.8.1 General Information**

The relationship between the CM and TPLP in case study G started in 2006. The TPLP explains that:

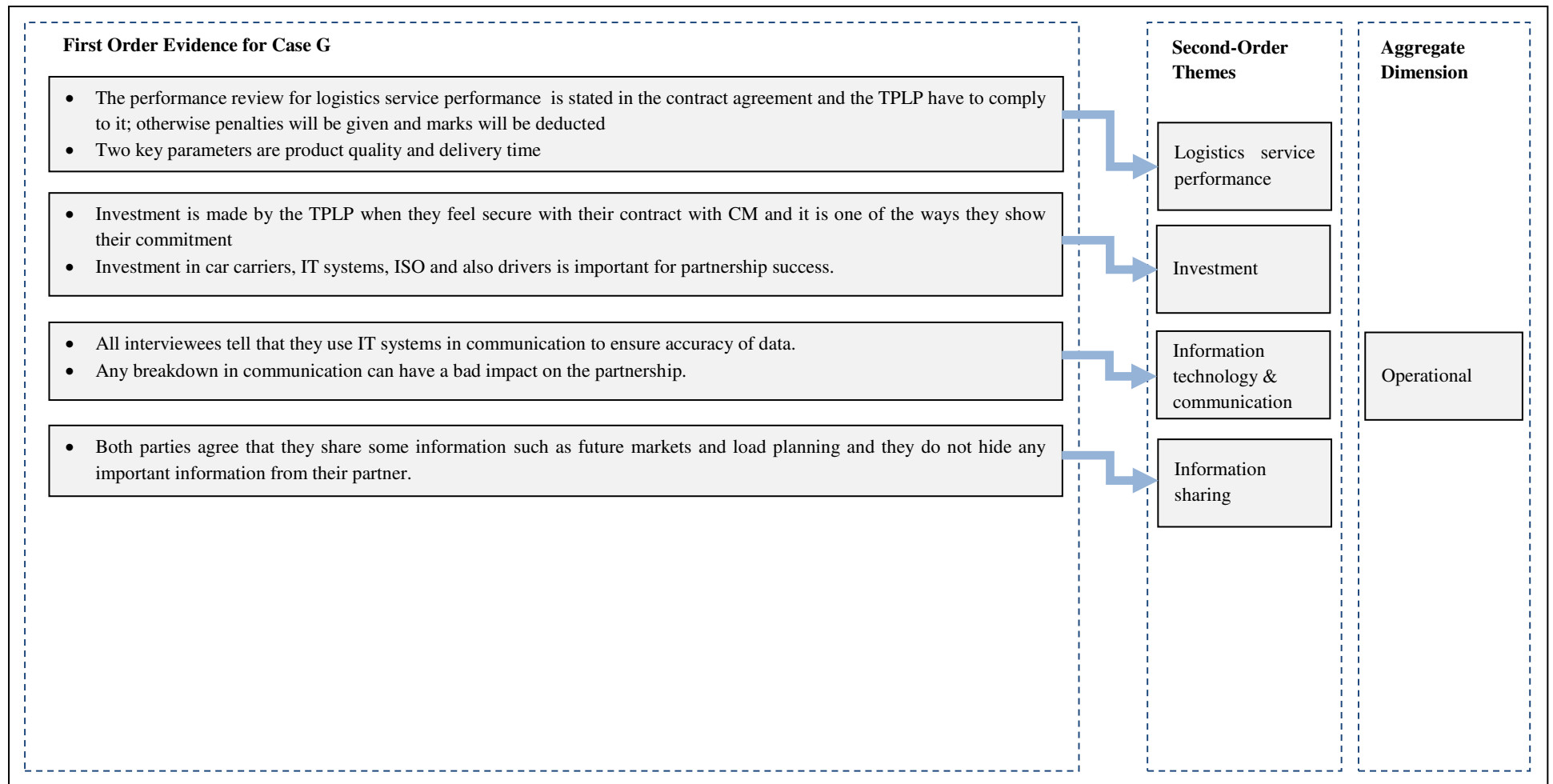
*“We have been dealing with this CM for four years now. We started in 2006-2007 on a yearly contract basis...So far, we have been operating on a yearly basis” (TPLP-MP).*

Both the CM and TPLP are local companies and well-known companies in the industry. All interviewees (two from CM and one from TPLP) confirm both operational and relational dimensions are important in order to achieve LPS.

### **5.8.2 Operational Dimension**

All interviewees agree that from an operational dimension, there are a number of factors and can affect their relationship. All the evidence found from case study F with regards to the operational dimension is been illustrated in Figure 5.19, below.

**Figure 5.19:** Evidence Mapping on the Operational Dimension (Case Study G)



Source: Derived from empirical data

### 5.8.2.1 Logistics Service Performance (LSP)

Similar to the other cases, the parameter for LSP has been set by the CM and is stated in the contract; it is evaluated on a monthly basis. If the TPLP fails to comply with what has been stated in the contract, a penalty will be given to the TPLP and marks in evaluation will be deducted. This is explained by the TPLP who says:

*“We have our own agreement with the CM” (TPLP-MH).*

This agreement confirms that they have to satisfy the CM based on parameters in the contract. The findings reveal that even though the TPLP is willing to invest in order to gain a longer term contract, such as 4-5 years, the CM will not award a longer contract because they believe the TPLP might not be able to maintain their performance. All interviewees agree that this LSP is measured by a number of parameters and these are stated in the contract agreement.

In case study G, the most important factors for not renewing the contract are late delivery and product quality. In case study G, before evaluation, the CM normally asks the TPLP to give them the report. He explains that:

*“Basically, what we do is that to evaluate their performance, they have to submit their report whether or not they follow our instruction. We do monthly evaluation. From the report, we will be able to find out how often they failed, whether they failed to deliver, whether they did not deliver on time or how often were they delayed and so on. We also have our own evaluation. Our evaluation is in which we audit their performance” (CM-AB).*

It is significant to note that the CM also undertakes spot checks to see how the TPLP is handling their cars. The CM’s representative clarifies:

*“We have set their performance. So we have to monitor their performance on a monthly basis. The important parameters are late delivery, late pick up and product quality” (CM-AB).*

The two most important parameters in evaluating LSP in case study G are discussed below.

### **a. Delivery Time**

Both parties agree that delivery is very important and the TPLP must deliver in the time given. Delivery time is based on agreement in the contract. There is an evaluation and audit format undertaken by the CM and the TPLP trying hard to follow the schedule to meet this target. This is explained below quotation from the both sides:

*“With certain agreements, such as if we agree to deliver the car within 24 hours after the order is taken, then we must make sure we meet the deadline”*(TPLP-MH).

*“We review the TPLP performance, then we renew their contract. If they do not meet our goals, we will provide them with opportunities to improve...The indicators will alert us. In terms of monitoring, we monitor in terms of delivery and late delivery. If we do not do this, we will not know whether the TPLP meets our standard. We do this manually. If the TPLP demonstrates sustainable performance their value factor will increase. Instead of letting them perform on average, we have to act this way. Go for a more drastic measure. For instant, if they could make three trips per day, they should be able to increase their daily trips to four trips per day without compromising the quality. This way, we could increase our capacity, we could send more to the dealer”* (CM-AB).

*“Our performance is based on achieving this target...other factors that we have to consider, the foremost, is the delivery time. It all boils down to us who received the order”* (TPLP-MH).

### **b. Product Quality**

The second criteria important in the evaluation of LSP in case study G is the product quality. The findings show that if the quality of the car is not in a good condition when it arrives at the dealer, for example, with scratches or dents, the dealer will complain straight to the CM. And investigation will be carried out from both sides. He explains:

*“In terms of product quality, we will see how many defects are there, from point A to point B”* (CM- AB).

He adds that:

*“As for the quality of the car delivered, we also check for defects. But it hardly happens. If there is a case of defect, we have a process, forms for us and for our customers and the dealers. So if the TPLP claims that when the car arrived, the car was in a good condition, there was not a dent, no scratch marks but when it got to the branch dealers, there was a dent or something like that, our dealer will have to fill in the TDR form [this form was shown to the researcher during the interview]. The TDR form will justify this incident and we will carry out an*

*investigation. We will contact our TPLP and ask whether they have done the damage, we compare dates. They will fill in a form and we will repair the car. They can rectify the car and we will bear the cost and pay up to our customers. We will contra our invoice with our TPLP” (CM-AB).*

From the other side, the TPLP confirms that this factor is vital for a LPS in the outbound delivery. He claims that:

*“The second factor is the condition of the cars when the dealers get them, the quality of the car” (TPLP-MH).*

### **5.8.2.2 Investment**

The next factor in the operational dimension is investment made by the TPLP in the logistics partnership. All interviewees agree that the TPLP is happy to invest in order to provide better logistics efficiency to their client. However, the researcher found that the TPLP is willing to invest when they feel secure in its partnership with the CM. The CM explained:

*“The TPLP would only take the risk of getting more car carriers once when we have promised our commitment and we are satisfied with their commitment. I think it is a risk if they do that without getting the assurance that we will continue this business relationship. The TPLP would have to know where they stand, what their company’s current situation is like and whether their performance meets our standard or not. Frankly, we are quite happy with their services. I suppose from here they can decide whether to expand their business or to invest more” (CM-AB).*

However, the CM cannot give any assurance about that for the future as it is dependent upon the TPLP’s performance and how serious they are in the partnership. The CM explains that:

*“If they expect us to give them an assurance, for instance, by investing in so and so, we promised to work with you for another 4-5 years, I think not. This is one of the reasons why we prefer yearly contract based on their performance. Who knows, they might not be able to maintain their performance? You can’t expect us to bear their losses, can you?” (CM-AB).*

In a logistics partnership, it could be concluded there are a number of investments made by the TPLP as found in case study G. There are investments in the car carriers, investment in the IT system for better communication, investment in the GPS system,



investment in the management system such as ISO and also investment in the drivers. As explained by the CM, the TPLP did invest in car carriers:

*“I am aware that this TPLP invests in car carriers. They are applying for loans to buy more car carriers. Incidentally, an officer from Bank Rakyat called me since TPLP has applied for a loan from the bank. The office asked for my confirmation whether our company is TPLP G’s major partner. I said that it is true. The bank wanted to do some background check up to make sure that TPLP G qualifies for the loan. So we furnished the bank with information that they need. For instance, how many loads did TPLP handle per year, what were their turn-over for car carriers every year. From there, we know that they are willing to make some investments. The TPLP did inform us that they have named our company as their main customer and warned us that the bank might be calling up to check up on some details” (CM-FD).*

From the analysis, the TPLP also explain about this investment. This quote explains from TPLP side:

*“So far, we have about seven trailers including rigid and long type...we are going to expand around this time. We target that by the end of this year, we will add another three more long carriers. Insyallah, end of this month we will have another five rigid car carriers. So the total number of carriers would be eight” (TPLP-MH).*

It is significant to note, here, that it is a big investment as the logistics industry is very costly. The TPLP mentions that:

*“The car carriers cost about RM 300, 000 each. Three car carriers cost me approximately a million” (TPLP-MH).*

The CM also explains that their TPLP had invested in ISO, an IT system and their drivers as well. The quotes below from both sides explain this situation.

*“Recently we found out that they have obtained ISO certification which I feel is part of an investment. It is quite costly to apply for ISO verification. It is indeed a huge investment” (CM-FD).*

In this case, even the CM is aware about the importance of IT, but they are not using any system yet but in the process to upgrade their system. The TPLP did also invest in a GPS system as it eases the monitoring process of their car carrier. Their GPS system is called ASRATA. According to the TPLP:

*“I can trace the whereabouts of any of my car carriers from my mobile. Where a particular car carrier stops, when the engine is turned off or whether the driver uses a different route. I installed the system in my handphone so that the drivers can contact me. I can also check the speed of the car carriers and where the car carrier is currently located. So, I can actually trace the entire fleet of car carriers” (TPLP-MH).*

With having this GPS system, it allows the TPLP to better update their CM about the car carrier if the CM asks this TPLP why the delivery is delayed and where the car carrier is now, for example. The TPLP explains that:

*“This is an advantage for our customer. When a customer asks what time is a particular car carrier arriving, I do not have to call up the truck driver who may or may not pick up the phone. I simply trace the location of the car carrier with my mobile using the GPS locator. Say for instance, the car carrier is at Destination A which is about 50 kms away from the dealer’s branch, we can give an estimate when the car carrier will arrive” (TPLP-MH).*

The data gathered also describe about driver safety where the TPLP also makes some investment for their drivers. The TPLP explains that:

*“In terms of safety, we are aware that our drivers are not robots...I have reserved drivers and my drivers are not allowed to exceed their delivery limit. Let’s say a driver works three days, he has to take a day off. He then works another three days and takes a day off again. This way, I can be in control of my drivers. Also, we give training to our drivers” (TPLP-MH).*

### **5.8.2.3 Information Technology (IT) and Communication**

All interviewees agree that IT use is imperative for better communication between partners. However, in case study G, they do not use any management system for better communication in inter facing the data. They are actually in the process of upgrading their IT system. So far, they communicate through email, and also by phone call and face-to-face meeting. The CM clarifies that:

*“In this relationship, communication is important...We usually communicate through e-mail and the phone for our daily operations, sometimes, we are on the phone the entire day. So far, we haven’t used the IT system for any inter-face communication. But we do use for pre-delivery inspection-PDI” (CM-FD).*

It should be noted that miscommunication can happen when the data is transferred manually, for example, through mouth-to-mouth communication. That is why the use of

IT systems in communication is vital for LPS to ensure the accuracy of the transferred data between partners. He adds that:

*“Sometimes, communication breakdown takes place here as well. The person here says one thing; the other party understands a different thing. The outcome is totally a different thing. ....So far, we communicate through e-mail. We put in an order through e-mail or text messaging. We send the order through text messaging and the next day, they will send us the P.O. [purchase order] through the fax machine for us to acknowledge the order made” (TPLP-MH).*

However, it is significant to highlight, here, that face-to-face meeting is also important in the partnership when there is an issue or problem. As explained by the TPLP:

*“We are often engaged in discussions. They have certain issues that require our opinion. We tell them how to do this or that because we are the service provider. So far, we have not had a day-to-day meeting. We do hold two meetings in a month” (TPLP-MH).*

Also, both parties agree that there is an urgent meeting when there is a serious issue. He explains that:

*“We will certainly call for an urgent meeting if a major problem crops up” (CM-FD).*

The TPLP side also confirms the same thing:

*“In such cases, we communicate daily through phone and text messaging...but if there is a problem, we will sit down and thrash it out face-to-face” (TPLP-MH).*

They will have an urgent meeting normally when they receive a complaint from the dealers and also when the CM is not satisfied with TPLP performance. It is suggested that in order to have a successful relationship with a partner, both parties involved must talk in one language.

#### **5.8.2.4 Information Sharing**

All interviewees agree that they share some information so that both parties can work together to achieve their aim for mutual benefit. The CM explains that they are only

share some information which is related to delivery activities undertaken by the TPLP.

The CM clarifies:

*“We do see to what extent related to the activities that they do for us or to the process, we will let them know. We have nothing to hide” (CM-FD).*

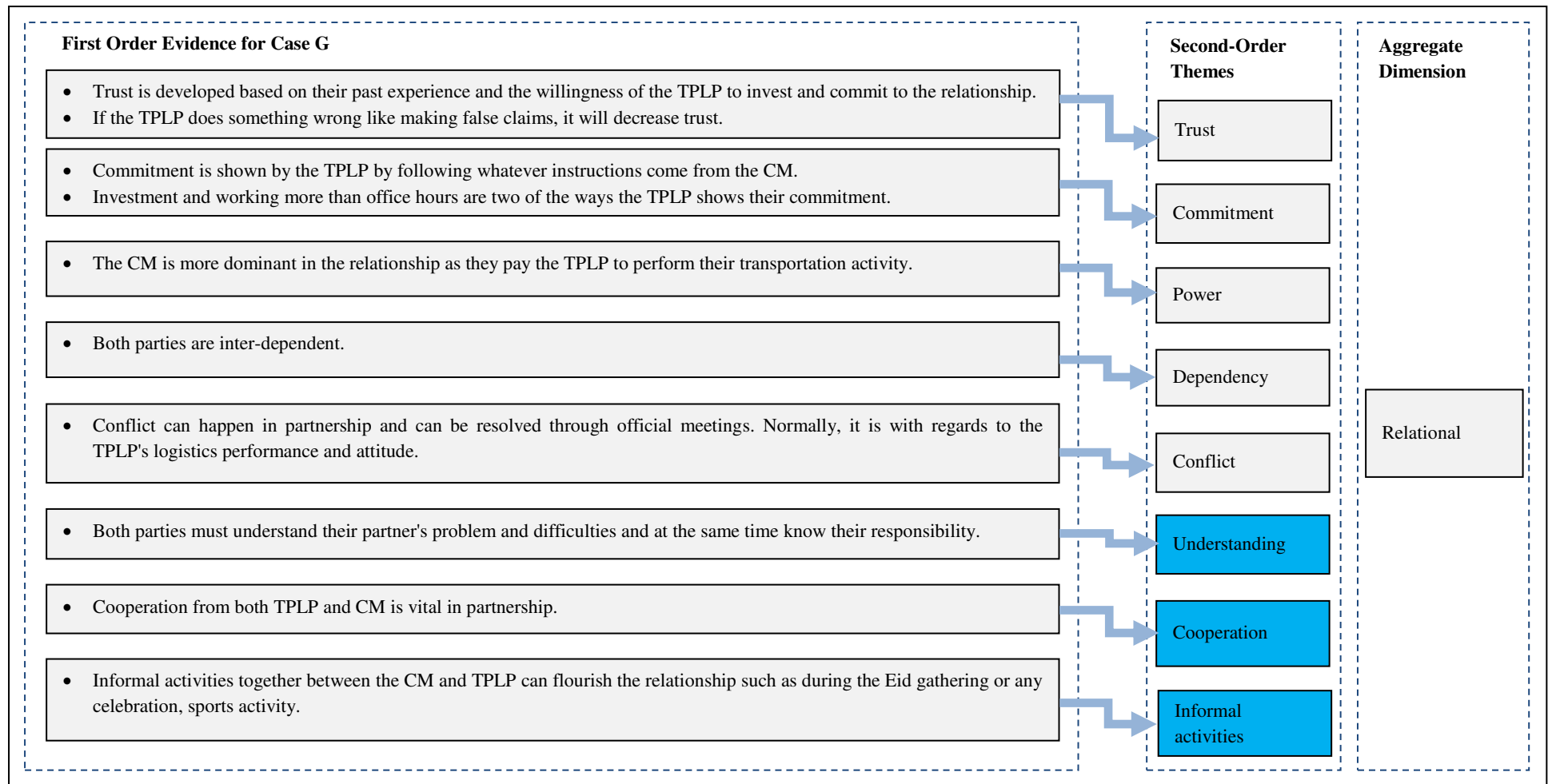
The information they share includes future market demands and seasonal loads; while, the TPLP, shares some information with the CM about issues on customers, mileage and fuel consumption for the car carriers. The TPLP explains:

*“In terms of transportation, they might want to find out about mileage, how we calculate mileage, how we deal with fuel consumption. For things that are not considered too extreme, our PNC will keep our partner informed. We share information. It is like knowledge transfer. Sometimes, we also discuss with CM G to find out what is the projection like. We need to know what the target is for this month. This will help us prepare. In fact, it makes us more prepared from time to time. The information given will help us project its business” (TPLP-MH).*

### **5.8.3 Relational Dimension**

All interviewees agree the relational dimensions are important for the LPS between a CM and TPLP in the Malaysian automotive industry as illustrated in Figure 5.20. The newly emerged factors are highlighted in blue.

**Figure 5.20:** Evidence Mapping for the Relational Dimension (Case Study G)



Source: Derived from empirical data

### 5.8.3.1 Trust

Trust is important for LPS. Both parties agree that trust is developed based on past experience and how they show their commitment in the partnership. All interviewees agree that trust is vital for a long-term relationship as they become a part of the family. As explained by the CM, they monitor the TPLP's performance and from there they develop trust with the TPLP. One of the CM's representatives explains this:

*“What is important in this relationship is trust. Both parties must be transparent. We develop our trust with our TPLP by taking into account their experience” (CM-AB).*

It is significant to highlight that any bad experience could affect this trust and in turn would affect the relationship. As claimed by the CM, they would say they trust each other on paper, but they actually do not when something untoward happens from the TPLP side. The CM states that:

*“We can put it down on paper that we trust each other. That we are transparent. I do not want you to hide anything from me. But what actually happens is a different matter. It is a bit tricky. But both parties must understand each other's roles very well. One party cannot get more from the other party. There must be a win-win situation. There is something wrong with some party. Some get exploited. We have to retaliate. We might take legal action. Why do we have to retain such bonding? In the long term, both parties want to reap the benefit” (CM-AB).*

For example, one of the interviewees from the CM mentions that he had several times found a false claim from their partner, the TPLP. This reduced the level of the trust in the partnership. Interestingly, he describes one bad story from their experience with the TPLP:

*“We have experienced several false claims. I found out about this. We found out there were cases of double claims. I noticed that I have approved a particular claim earlier. But a similar claim got in with a different invoice number although it bore similar details. So I have sorted this problem out and I doubt it will happen again. I do not know whether it was an accident or it was deliberate. This problem emerged several months ago when they asked me, ‘Where's my payment for last month?’ And I responded ‘There is no more payment released for this month since I have cleared all the payments. There is no more invoice from your company.’ They claimed that there was some amount of claims in their system. What I did was to check again. I checked all the boxes for any discrepancies and was asking why we haven't paid them all the claims. Then I found the said invoice which I had already cancelled. I rang up one of their officers and clarified that I had cancelled the invoice. The officer probably knew that he made a mistake; he probably didn't know how to rectify the problem especially when it was already recorded in the system. So, there's the possibility that his superior was not aware of the cancelled invoice. Maybe the officer felt intimidated by his superior.*

*That's why I said I wasn't sure whether the double claim was truly a mistake or deliberate. When I found out about this problem, I decided to stop all these staggered claims. I told them that I would handle all the claims, which I called 'my load listing'" (CM-FD).*

This is an example of incidents that could decrease the level of trust in a logistics partnership when they have an experience like this. Therefore, it could be concluded that being dishonest can reduce the trust in the partnership and give a bad reputation to the TPLP company.

The TPLP claims that they develop trust with the CM by behaving responsibly. He claims that:

*"We have to carry out all our responsibilities. When we do this, both parties will trust one another" (TPLP-MH).*

### **5.8.3.2 Commitment**

Commitment from the both sides (CM and TPLP) is important for LPS. In case study G, the TPLP shows their commitment through working extra hours and following the CM's direction. It could be emphasised, here, that investment by the TPLP is also seen as a commitment from the TPLP toward the CM. The following quotes explain the commitment from both sides:

The TPLP explains that:

*"We delay working hours. Meaning, we extend the working hours. We ask the dealers or the person-in-charge of the showrooms to wait even after 5 pm. And we are able to move the car earlier. Our drivers also work 24 hours" (TPLP-MH).*

The CM explains that:

*"I think that our TPLP is very committed with their investments. Recently we found out that they have obtained ISO certification which I feel is part of an investment. It is quite costly to apply for ISO verification. It is indeed a huge investment. I figure they have invested heavily to improve their company" (CM-FD).*

However, there is also a claim from the CM saying that the TPLP sometimes does not show their full commitment especially not picking up calls. The CM explains that:

*“Sometimes when we are liaising with them, we would ring them up from morning until evening. But they did not pick up the phone although the car needs to leave by 5 pm. What’s up? They are quite slow. Sometimes, discipline is also not there” (CM-FD).*

### **5.8.3.3 Power**

In this partnership, the customer is seems to have more power compared to the provider. The CM claims that:

*“Normally, we are more dominant in this relationship.....We dictate things. They have to stick to our requirements. They follow our requirements but they might not do it willingly” (CM-AB).*

It is agreed by the TPLP who confirm:

*“Obviously the CM holds the upper hand because they are our customer. For instance, when we have a problem like delayed delivery, the CM will complain” (TPLP-MH).*

It could be concluded that the misuse of power could negatively affect the logistics partnership between the CM and TPLP.

### **5.8.3.4 Dependency**

In the logistics partnership, both parties agree that they are inter-dependent as both have their strong and weak points. For example, the CM side does not have expertise in logistics and wants to cut cost, but from the TPLP’s side, they need business. From here, there is actually interdependency. However, in case study G, as agreed by the CM, they are dependent on the TPLP but they do have many choices of provider. He claims that:

*“They can do whatever they want. But if they do not perform, we will lay them off.....That is why I said that we need a win-win situation. Everyone needs to protect his interest. We need them and they need work for us. We cannot predict the future. Many things could happen. And there are sensitive issues that need to be considered” (CM-AB).*

From the TPLP side, they claim that the CM is dependent on them. However, they understand the CM has the right to choose who the TPLP is as there are other players in the logistics industry. This shows that the TPLP is also actually dependent on the CM



for their business purposes. He explains that:

*"In general, the CM relies on the TPLP. However, without us, the CM can continue operating. But if this happens, we will feel the impact as the CM contributes some 50% to our total sales" (TPLP-MH).*

### **5.8.3.5 Conflict**

Conflict in any partnership can affect the LPS. The interviewee from the TPLP explain that:

*"Obviously the CM holds the upper hand because they are our customer. For instance, when we have a problem like delayed delivery, the CM will complain. Conflicts do arise" (TPLP-MH).*

However, from the perspective of the CM, things like false claims, as discussed above, could cause conflict in the relationship and if it is not properly managed, it could end the partnership.

### **5.8.3.6 Understanding**

Both parties must understand each other and behave responsibly in order to achieve LPS. Interviewees agree that it is important and can influence the success of the partnership. Therefore, understanding each other in a relationship positively influences the success of the logistics partnership between the CM and TPLP. The TPLP must understand their responsibility and the CM must understand difficulties or problems that the TPLP is sometimes having. The TPLP explain that:

*"Fulfilling the customers' demand is our main objective. Until today, we have not encountered any major problems. The CM has never told us how to do our work. No setbacks, so far. There are only some minor issues which are manageable..... Well, if we do talk in the same language, it will be easier to get things done. Everybody would like to do business, if that is the case. But there are some who talk in two different languages. You know, unable to understand each other" (TPLP-MH).*

Similar thoughts are shared by the CM on talking in one language is important in partnership as it represents both parties understand each other. The CM explains that:

*“Both parties must understand each other’s roles very well. One party cannot get more from the other party. There must be a win-win situation; there is something wrong when one party gets exploited” (CM-FD).*

### **5.8.3.7 Cooperation**

Interviewees from the TPLP claim that cooperation is vital in logistics partnerships. Therefore, co-operation has a positive impact on the logistics partnership success. The following quotes act as clarification:

*“The foremost important factor is co-operation. Co-operation between both parties. That is between the CM and the TPLP. What is important between the two parties is work together and help each other” (TPLP-MH).*

### **5.8.3.8 Informal Activities**

All interviewees agree that informal activities affect any relationship but it depends on the situation. Therefore, informal activities have a positive impact on the logistics partnership success. Nevertheless, they do sometimes have joint informal activity like sports activity and this event can make both parties become closer and can flourish the relationship. He explains that:

*“Whenever we had some gathering like breaking fast during the Ramadan month, we do invite them and they return the invitation. Every year, we conduct a day-event with our TPLP. We do sports activities sometimes. The car carrier personnel from our TPLP and our logistics department have sports activities like the ‘football’ game. We organise ‘football’ games, the place and time and we told our staff members to get ready. We look forward to these kinds of activities” (CM-FD).*

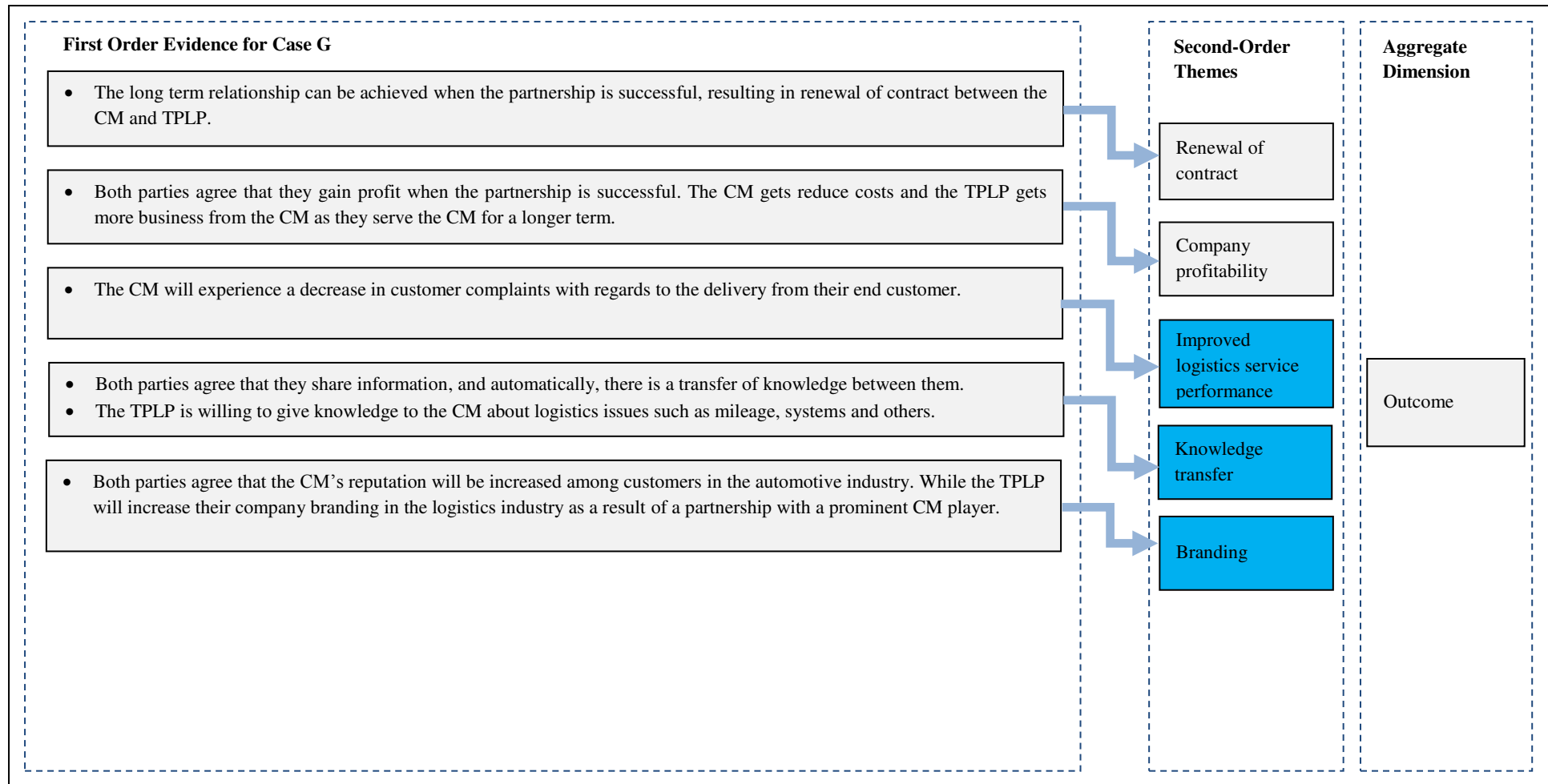
While on the other hand, the TPLP explains:

*“We provide them with ideas on how to help them solve any problems. Sometimes, we do go out and have a drink. We have some plans to organise sports activities together. During the festive seasons though, both parties will exchange greetings cards. This is a normal thing in fostering a relationship with another party” (TPLP-MH).*

### **5.8.4 LPS Outcome**

Both parties agree that they are successful if they achieve their targets and gain benefit as a result from a win-win situation. Figure 5.21 shows the evidence on the outcome dimension in case study G. The newly emerged factors are highlighted in blue.

**Figure 5.21:** Evidence Mapping for the Outcome (Case Study G)



Source: Derived from empirical data

#### **5.8.4.1 Renewal of the Contract**

As a result of the success in logistics partnership between a CM and TPLP in the Malaysian automotive industry, both parties will experience a longer-term relationship, with the renewal of the contract between them. As explained earlier, sometimes, the CM is not satisfied with the TPLP's performance, hence, the CM has the right to penalise them and give them opportunities to improve. The following quotes explain this:

*"Then we renew their contract. If they do not meet our goals, we will provide them with opportunities to improve" (CM-AB).*

As agreed by the TPLP, their relationship with CM G started four years ago and it was based on a yearly contract. However, if they not perform the standard, the contract will not be renewed and will result in an unsuccessful partnership. He explains:

*"They are tied to some terms with their providers. If we do make mistakes, then CM can automatically terminate us" (TPLP-MH).*

#### **5.8.4.2 Company Profitability**

Both parties agree that they gain profitability when their logistics partnership is successful. The CM explains that:

*"Both party needs to be in this win-win situation...making profit" (CM-AB).*

An interviewee from the TPLP agrees with this statement:

*"For me, both party needs to be in this win-win situation and making profit. Eventually, you see how much profit you got.... When the company is successful, the profit will go up from time to time. We also have an increment in the number of our fleet when there is significant profit" (TPLP-MH).*

#### **5.8.4.3 Improvement on the Logistics Service Performance (LSP)**

All interviewees agree that the partnership can be successful if the TPLP shows a sustainable LSP. Therefore, improvement in the LSP is an outcome of the logistics partnership success. The CM explains that:

*“If TPLP demonstrates sustainable performance gradually, their value factor will increase... with our TPLP, our customer will believe that we can deliver their cars on time” (CM-AB).*

On the other side, the TPLP explains that:

*“What I can say is that success is when in a partnership, both parties attain their objectives. That is the meaning of success. If the CM performs, this means its provider also performs. If the CM’s performance is outstanding this year, you can say the same of its TPLP” (TPLP-MH).*

#### **5.8.4.4 Knowledge Transfer**

Another benefit both parties gain in logistics partnership is the transfer of knowledge. Therefore, knowledge transfer is an outcome of the LPS. Both parties can share knowledge to their mutual benefit. It is confirmed and explained by the CM side which explain that:

*“We gain something from working with them ...Logistics is a good business. Instead of outsourcing, someday we can do it on our own. What we learn from our TPLP can be used later when we consider doing it ourselves. By then, our logistics performance will improve and our business runs smoothly” (CM-AB).*

Another interviewee also provides the same argument:

*“Knowledge transfer is a must. When I first joined the company, I had zero knowledge of logistics. I learned a few thing from my TPLP” (CM-FD).*

It is significant that the TPLP comments about this factor. The TPLP explains that they do not have any problems in sharing any technical knowledge with the CM as they are partners. He says that:

*“If we feel that particular information can be utilised by the CM, we will share the information with the CM. For example, they might want to find out about mileage, how we calculate mileage, how we deal with fuel consumption” (TPLP-MH).*

#### **5.8.4.5 Branding**

Branding is a newly emerged theme since the interviewees agree that their branding

could become better established as a result of a successful logistics partnership. All interviewees agree that branding is one of the outcomes when the logistics partnership is successful, especially to the CM side. Better LSP from the TPLP means better reputation for the CM. However, if it is not good performance from TPLP, it will also affect to the CM's name. This increases the recognition of the branding of the CM. As explained by the CM:

*“At the bottom of it all, the product will reflect the CM. The CM's reputation is at stake. It is part of the risk in business. Reputation and environment are part of the long-term effects” (CM-AB).*

While the TPLP also supports the same argument by agreeing:

*“The service we provide can serve the CM well. But the thing is, people only notice the brand name of the CM not us” (TPLP-MH).*

However, as the interviewee from the TPLP says, in the logistics industry, their brand's name can improve as they serve quite a well known company and this gives a good reputation for their company in the logistics industry. He explains that:

*“For me, branding is important because when people are aware of our existence in the market, it will be easier for us to penetrate other types of market. This is especially true with the government linked companies like local CM” (TPLP-MH).*

### **5.8.5 Propositions**

Based on explanation about the operational dimension, relational dimension and outcome from findings in case study G, the researcher has developed a list of the propositions, as documented, in Table 5.9. This list of propositions is developed according to the analysis of data, evidence mapping of each dimension, and the earlier development of propositions in Chapter Three.

**Table 5.9:** The Research Propositions for Case Study G (together with newly emerged themes)

<b>Sub-Propositions and Newly Emerged Themes</b>	<b>Proposition</b>
P1a: Logistics service performance namely product quality and delivery time has significant influence on logistics partnership success between the CM and TPLP.	<b>Operational</b>
P1b: Investment has a positive impact on the logistics partnership success	
P1c: The use of information technology in communication has a positive impact on the logistics partnership success	
P1d: Sharing information like future markets and load planning has a significant impact to logistics partnership success between the CM and TPLP.	
P2a: Trust has a positive impact on the logistics partnership success.	<b>Relational</b>
P2b: Commitment have a positive impact on the logistics partnership success	
P2c: Power has a positive impact in the logistics partnership success	
P2d: Dependency has a positive impact on the logistics partnership success	
P2e: Conflict between the CM and TPLP could give negative affect to logistics partnership success	
P3a: Renewal of the contract is an outcome from the logistics partnership success	<b>Outcome</b>
P3b: Company profitability is an outcome from a successful logistics partnership success	
<b>Newly Emerged Themes</b>	<b>Newly Emerged Themes</b>
Understanding Understanding each other in a relationship positively influence the success of the logistics partnership between the CM and TPLP	
Cooperation Cooperation has a positive impact on the logistics partnership success	
Informal Activities Informal activities have a positive impact on the logistics partnership success	
Improved Logistics Service Performance Improvement on the logistics service performance is an outcome from the logistics partnership success	
Knowledge Transfer Knowledge transfer is an outcome from the logistics partnership success	
Branding Branding is an outcome from logistics partnership success	

## 5.9 Conclusion

This chapter presented research findings from seven cases that analyse logistics partnerships between CMs and TPLPs in the Malaysian automotive industry. The findings were presented in accordance with the proposed conceptual model in Chapter Three, together with the newly emerged themes from empirical findings. In every case analysis, it started with a discussion on the background of the case and followed with analysis of the two main contributing factors (operational and relational); the outcome was then discussed. The discussion, and the list of proposition for each case, are developed from the data obtained from the interviews, observation, documents and photographs. From this, evidence mapping is conducted to enable the analysis. Newly

emerging themes have been reported. At the end of each case discussion, the researcher developed propositions to show the relationship based on the earlier propositions formulated for guidance in Chapter Three. Evidence mapping is provided in every dimension in each case to provide clarity in case finding presentation. The next chapter will discuss the cross-case analysis which discusses all seven cases with similar and contradicting literature in order to withdraw a comprehensive conclusion from the findings. The new revised model is also developed in Chapter Six.



## **CHAPTER SIX: FINDINGS FROM CROSS CASE STUDIES AND DISCUSSION**

### **6.0 Introduction**

Chapter Six is a continuation discussion from the discussion Chapter Five, comprising cross-case analysis from seven cases. It is important to undertake cross-case analysis as it enhances the applicability of the findings to similar settings (Herriot and Firestone, 1983; Miles and Huberman, 1994). It is also supported by earlier founders of grounded theory in qualitative research, namely, Glaser and Strauss (1967) who explain that cross-case analysis is essential to deepen and expand understanding and explanation. Essentially, the aim of this chapter is to identify and highlight which contributing factors in the operational and relational dimensions are key significant factors influencing the success of logistics partnerships between a CM and TPLP in the Malaysian automotive industry. At the same time, the main outcomes for both CM and TPLP are highlighted in this chapter as a result from the win-win situation. This has been completed through pooling together the factors in each dimension, discussed earlier, to see which factors have theoretical saturation in order to conclude and discover novel findings. Importantly, is to demonstrate the connection between the key themes with regards to LPS. In other words, this chapter focuses on the discussion of the overall original themes and newly emerged themes. It is actually done by revising the two main dimensions (operational and relational) and also the outcomes from the overarching theme (LPS). Thus, this revision will extend the factors that exist under each dimension.






















In other words, this chapter discusses the main findings that contribute to the novelty of this study and to a deeper understanding of the CM-TPLP relationship in the Malaysian automotive industry. At the same time, the revised model has provided an answer to the research question presented in Chapter One, thereby further enhancing the existing appreciation of logistics partnerships from the dyadic perspective. At the same time, in this chapter, discussion of similar or contradicting literature is provided. Along with discussion, a revised proposition is developed to show the affect from the findings. As a result of the discussion in Chapter Six, the researcher also shows a case ordered-effect



matrix that leads to the development of the novel, revised model of logistics partnership success between a CM and TPLP.

### **6.1 A Comparison between the Seven Cases.**

The findings from each CM and TPLP relationship are discussed based on three key themes, namely, the operational factor, relational factor and outcome. The analysis is derived from both the CM and TPLP in order to gain deeper understanding of their logistics partnership in the Malaysian automotive industry. The descriptive comparison across seven cases (A,B,C,D,E,F,G) is illustrated in the case ordered-descriptive matrix in Figure 6.1 below. This figure explains the similarities and differences between the seven cases in this research in terms of the relationship duration, production area, contract, and also the rating for operational, relational and outcome dimensions in each case. It should be noted that case C is observed as partly strong because the findings in case C come from only one informant from the CM and TPLP side, compared to the other cases which had more than two informants.

**Figure 6.1:** Case Ordered Descriptive Matrix: A Comparison of the CM-TPLP across Seven Cases

Case	Relationship Duration [Year]	Production Area	Contract	Operational Dimension Impact on LPS	Relational Dimension Impact on LPS	Outcome from LPS
A	1+	Klang Valley	Yes			
B	16	Klang Valley	Yes			
C	12	North	Yes			
D	12	South	Yes			
E	10	North	Yes			
F	10	North	Yes			
G	6	East	Yes			

 Case strongly presents the two firms (CM and TPLP)  
 Case partly presents the two firms (CM and TPLP)

Source: Derived from empirical data

As explained earlier in the methodology chapter, the seven cases (A,B,C,D,E,F and G) in this research represent 14 organisations of which seven are from a CM and another seven are from a TPLP. Case A, B, C, E and G involve a local CM and TPLP. While for case study D and F, the CM and TPLP are multinational companies (MNC) from Germany and Japan. It is interesting to say that multinational case partnerships are more likely to establish a strong relationship together as they have the same ethics and style approach. For example in case Study F, the relationship between them developed a long time ago in Germany. Now, both of them have a business in Malaysia and the relationship continues here. As explained by the interviewees in case study F, their partnership is actually decided by the top management of their parent company in Germany. In general, all seven case studies in this research agree that their relationship is based on contract agreement, also known as Service Level Agreement (SLA) in some cases (Case A). The years of the contract varies between cases. Some are based on yearly contracts whilst there is also a two years contract and five years contract. From Figure 6.1, it can be seen that the range of the relationship duration between CM and TPLP is between two years to 16 years. The production area of the CM's side in case study A to G also varies. As can be seen in Figure 6.1: case study A and B production area is in the Klang Valley, Malaysia. Case study C, E, and F production area is in the north of Malaysia. Case study D production area is the south of Malaysia, and case study G is in the east of Malaysia.

All interviewees agree that operational and relational dimensions have an effect on the LPS. At the same time, from the analysis of these seven case studies, the researcher found there were a number of outcomes or benefits gained from both parties as a result of the win-win situation they achieve when the partnership succeeds. In this research, the explanation of each dimension and outcome will offer a clearer view from the comparison of the seven cases studied in this research. Thus, the next section will discuss the first dimension, namely, the operational dimension as one of the contributing factors (antecedents) to the LPS between a CM and TPLP in the Malaysia automotive industry.

## **6.2 Updated/Revised Propositions**

Based on the earlier discussion in Chapter Five, the list of propositions is developed to see the effect of the findings of each case, and to establish the relationship between each of the factors with the overarching theme of logistics partnership success. To conclude the findings from each case, and to produce a novel and valid outcome, the researcher has combined all the findings from the seven cases to observe the similarities, and the issues that were discussed most widely within these cases are reported in this chapter. In this respect, the discussion begins with a focus on each dimension, and within that each factor is considered before a new proposition is developed. The list of propositions is presented in Table 6.1, after which each factor is discussed. This revised set of propositions is developed from the earlier propositions presented in Chapter Three which were developed in order to guide the researcher in her data collection. Also, as mentioned earlier, these propositions are based on the discussion of the seven cases reported in Chapter Five. As can be seen in Table 6.1, the earlier propositions have been updated to reflect a clearer appreciation of the CM-TPLP relationship in the Malaysian context. This more detailed explanation enhances the existing knowledge of the logistics partnership. Proposition 1 deals with the operational dimension (research question 1), Proposition 2 deals with the relational dimension (research question 2), and Proposition 3 deals with the outcome dimension (research question 3). These propositions are subsequently used as the basis for the development of the revised model on LPS which is presented in section 6.8.

**Table 6.1:** Updated/ Revised Propositions

Proposition No.	Initial Propositions (from Chapter Three)	Updated Propositions	Proposition		
			Supported	Rejected	Introduced
<b>Operational</b>					
1a	Logistics service performance has an association with logistics partnership success in the Malaysian automotive distribution channel from the outbound logistics perspective between the CM and TPLP.	i) Delivery time strongly influences the success of the logistics partnership between the CM and TPLP in the Malaysian automotive industry from an outbound logistics perspective.	√		
		ii) The number of car carriers (support) is highly influential to the success of the logistics partnership between the CM and TPLP in the Malaysian automotive industry, from an outbound perspective.	√		√
		iii) The quality of the cars delivered by the TPLP significantly affects the success of the logistics partnership between the CM and TPLP in the Malaysian automotive industry.	√		√
		iv) Following the route laid out by the CM could influence the success in the logistics partnership between the CM and TPLP in the Malaysian automotive industry.	√		√
		v) Urgent delivery positively influences the success of the logistics partnership success between the CM and TPLP in outbound logistics in the Malaysian automotive industry.	√		
1b	Investment has an impact on the success of the logistics partnership between the CM and TPLP in the Malaysian automotive delivery channel from the outbound logistics perspective.	Investment in car carriers, GPS systems and IT systems has a significant effect on the logistics partnership success between the CM and TPLP in the Malaysian automotive industry.	√		
1c	IT use has a significant influence on the success of the logistics partnership between the CM and TPLP in the Malaysian automotive industry.	Apart from face-to-face meeting, IT use such as email, IT systems and video conferencing could help both CM and TPLP to ease the communication and to increase the accuracy of the data transferred which will, in turn, help to achieve successful logistics partnerships.	√		
1d	Information sharing significantly influences the success of logistics partnership success between the CM and TPLP in the Malaysian automotive industry.	Sharing information on production volume, sales forecasts, future planning and load planning between the CM and TPLP is significant to achieve a successful logistics partnership in the automotive industry.	√		
1e		Low price of the logistics service paid to the TPLP could have a negative influence on the success of logistics partnership between the CM and TPLP			√
<b>Relational</b>					
2a	The success of the logistics partnership between the CM and TPLP in the Malaysian automotive industry is substantial influenced by trust.	Trust in the logistics partnership between a CM and TPLP develops through past experience and this significantly affects the success of the logistics partnership between the CM and TPLP	√		

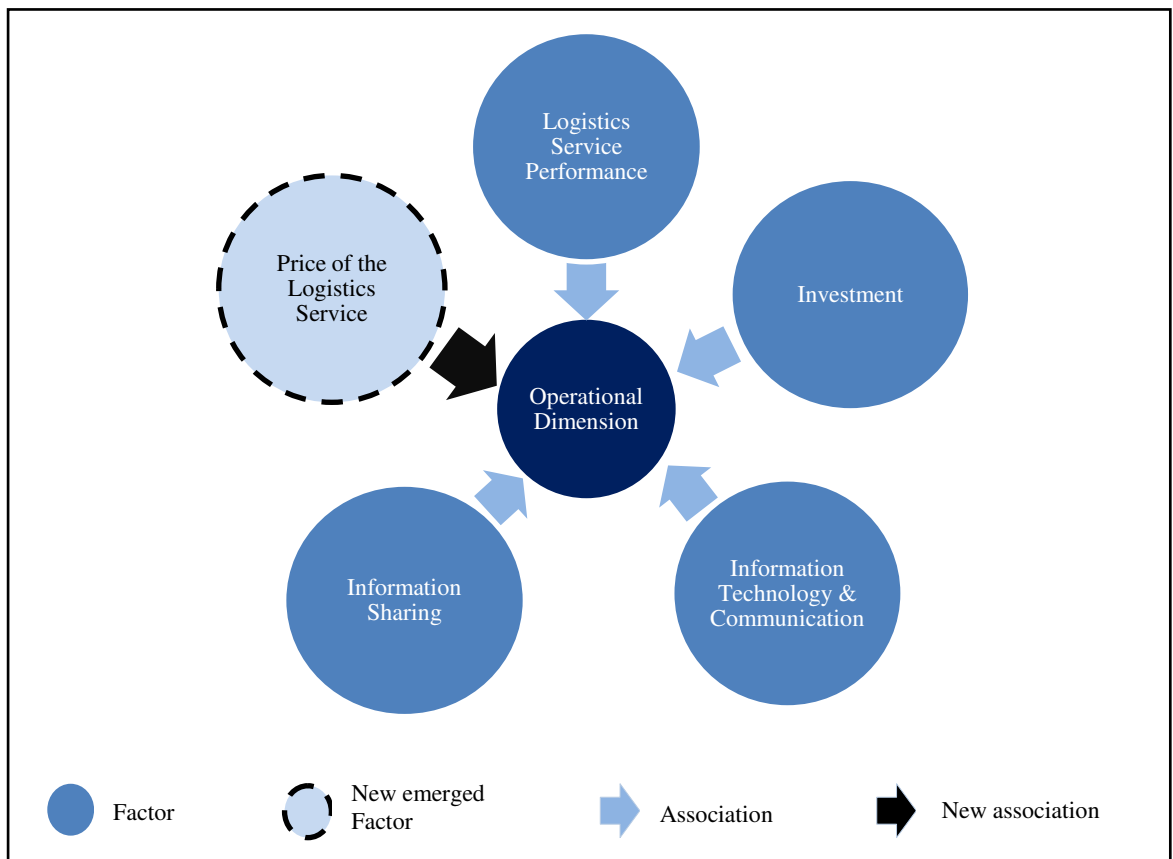
Proposition No.	Initial Propositions (from Chapter Three)	Updated Propositions	Proposition		
			Supported	Rejected	Introduced
<b>Relational</b>					
2b	There is a positive association between commitment and logistics partnership success between the CM and TPLP in the Malaysian automotive industry.	Commitment shown from members in the partnership could positively impact on the success of the logistics partnership between the CM and TPLP	√		
2c	Power has a significant effect on the success of the logistics relationship between the CM and TPLP in the Malaysian automotive industry.	The misuse of power by the CM towards the TPLP can negatively influence the success of their logistics partnership.	√		
2d	Dependency has an impact on the success of the logistics partnership between the CM and TPLP in the Malaysian automotive industry.	The inter-dependence between the CM and TPLP could establish their relationship; therefore it is reasonable to affect a successful logistics partnership.	√		
2e	Conflict has a significant effect on the success of the logistics partnership between the CM and TPLP in the Malaysian automotive industry.	Conflict could arise when there is dissatisfaction among partners, and it could negatively affect the success of the logistics partnership between the CM and TPLP if not properly managed.	√		
2f		Cooperation from the TPLP towards the CM can positively affect logistics partnership success in the Malaysian automotive industry.			√
2g		Understanding each other between the CM and TPLP could help them develop successful logistics partnership.			√
2h		Sentiment can moderately influence the success of the logistics partnership between the CM and TPLP in the Malaysian automotive distribution channel.			√
2i		Informal activity between the CM and TPLP could positively influence the partnership to succeed.			√
<b>Outcome</b>					
3a	Renewal of contract is an outcome achieved from a successful logistics partnership between the CM and TPLP in the Malaysian automotive industry.	Renewal of the contract is a result of a successful logistics partnership between the CM and TPLP.	√		
3b	Company profitability is determined to be an outcome from the success of logistics partnerships in the Malaysian automotive distribution channel from the outbound logistics perspective.	The CM and TPLP will experience company profitability as a result from success of the logistics partnership.	√		
3c		Improvement of the logistics service performance to the CM's side is an outcome from the logistics partnership success between the CM and TPLP.			√
3d		Knowledge transfer is an outcome from the logistics partnership success between the CM and TPLP.			√
3e		CM's branding and TPLP's is increased as a result from logistics partnership success			√

Source: Derived from empirical data

### 6.3 Operational Dimension and Logistics Partnership Success (LPS)

This section attempts to provide critical findings of the operational dimension from the seven cases. As discussed earlier, in Chapter Five, there are factors that support the proposed model, shown in Chapter Three, and also a number of newly emerged themes derived from the empirical data. Before discussing the operational dimension further, it is good to have a clearer picture of the overall factors under the operational dimension (including newly emerged themes) as illustrated in Figure 6.2, below. In the figure, five factors are explained, (second-order construct) in the operational dimension of which four support the proposed model and one is derived from empirical evidence. The five factors in the operational dimension are: logistics service performance, investment, information technology and communication, information sharing, and price of the logistics service. The price of the logistics service is the newly emerged theme from the empirical data and has been highlighted with a black dashed line in Figure 6.2. The black arrow shows the new association to the operational dimension from the newly emerged theme.

**Figure 6.2:** Second-order Construct (Factor) in the Operational Dimension across Seven Case Studies



Source: Developed by the researcher for purpose of this research



Differences and similarities on the perception of the above five factors under the operational dimension were found from the seven case studies with regards to LPS between a CM and TPLP in the Malaysian automotive industry. The perceptions and agreements about the five factors in all seven case studies are discussed below.

### **6.3.1 Logistics Service Performance (LSP)**

From the findings, all interviewees from the seven cases agree that this factor is important and has a significant impact on the LPS between CM and TPLP in the automotive industry for outbound logistics. Interviewees agree that this factor is already stated in their contract agreement and failure to comply with this agreement will result in penalty inducement. Moreover, if the mark in the evaluation is low and it continuously happens together with a penalty, the partnership will not be a success. The evaluation of the TPLP's logistics service performance is known as Logistics Performance Review in some cases and also they call it Key Performance Index of KPI. Findings show that if failure happens continuously to follow this KPI parameter, the result would be termination of the contract. It is significant to note that the evaluation process, in every case, is different. Some of the cases make this evaluation of the LSP on a monthly, quarterly or yearly basis. However, most importantly in this evaluation, all interviewees emphasise that certain parameters are used to measure this LSP such as delivery time, urgent delivery, product quality, support and route. It is significant to report that all seven cases presented in this-second order theme (LSP) have a strong affects on the overarching theme (LPS). These items, or parameters, are known as first-order construct. For these parameters (items), the interviewees from the seven cases have different views; and priorities of these parameter is different in each case as discussed in detailed below:

#### **i) Delivery Time.**

This first-order construct, namely, delivery time is regularly explained in past research for the success of the logistics partnership (see Rafiq and Jaafar, 2007). However, past research does not explain clearly on this factor and how it affects the success of the logistics partnership. A clearer explanation is gained with a different style of analysis employed for this research. This includes interviews, observations, pictures and document review. All interviewees agree that they

have a calculation or formula to deliver the car to the dealers across Malaysia. As explained by the interviewees, the formula is  $n+1$  or  $n+2$ .  $n+1$ , means the finished car in Klang Valley area must be delivered within 24 hours once the order is initiated by the CM. While, for outer Klang Valley, also known as outstation delivery, they must be delivered within 48 hours. This shows that 'n' refers to the days of initiated delivery by the CM to the TPLP; while 1 or 2 refers to 'day'. '1' refers to one day (24 hours) and '2' refers to two days (48 hours). Any failure to deliver within this time frame, or in other words, the delay in delivery, a penalty will be given to the TPLP and a mark will be deducted from the evaluation of this factor. All case studies agree that delivery time has a significant impact to the LPS. With this strong agreement from all interviewees in this research, a new proposition is made below:

**Proposition 1a-i:** *Delivery time strongly influences the success of the logistics partnership between the CM and TPLP in the Malaysian automotive industry from an outbound logistics perspective.*

## ii) Support (Number of Car Carrier)

The next parameter in LSP is recognised as support, also known as car carriers. Support in this research is known as a number of car carriers that the TPLP has to provide to the CM as stated in their contract agreement. This is an interesting finding as past research has not, evidently, shown that this factor is significant in evaluating the TPLP. This would be a significant contribution from this research which highlights for developing LPS between the CM and TPLP in the automotive industry, this 'support' factor which represents the number of car carriers provided by the TPLP is essential. It can be seen that every case highlights this factor. However, this has been seriously emphasised in case study B, which says that in evaluating the TPLP, the first factor the CM looks is the support factor. This should be noted as the CM in case study B has a large production number (cars) everyday. Thus, every car produced needs to be delivered to the dealers to avoid a massive number of cars in the CM's area. It is supported from all cases, except case F. From the findings, it is significant to note that this might be because in case F, it refers to very top brands car which are very high value and the production volume in this case is not as big as other CMs, therefore, in the evaluation of TPLP's LSP in case F, support is not a key.

In other cases, it is recognised that the required number of car carriers demanded is stated in the contract. It is significant to make sure all cars can be delivered as planned in load planning. This factor is rarely explained in past research. As discussed earlier, in Chapter Two, the TPLP parameter receiving most attention with regards to LSP is delivery time (Bhatnagar *et al.*, 1999; Rafiq and Jaafar, 2007) for outbound. It should be emphasised that this is a really significant finding to the enhancement of the supply chain theory especially from the TPLP. Thus, the researcher proposes:

**Proposition 1a-ii:** *The number of car carriers (also known as support) is highly influential to the success of the logistics partnership between the CM and TPLP in the Malaysian automotive industry, from an outbound perspective.*

### iii) Product Quality (Car)

From the findings, product quality is found as another key significant parameter to measure LSP of the TPLP which will affect the relationship between the CM and TPLP. Product quality refers to the quality of the cars during the delivery process from point A to point B. All cases confirm that this is a significant factor for outbound LSP in the automotive industry. The CM expects the car to be in a same condition when the TPLP takes them from the loading area until they reach the dealer's branch. The following interesting quotes explain this situation:

*"The cars should be free from any damages. No scratches and no dents"* (CM-Case D).

*"I want my goods to be in the same condition when they get to my dealers"* (CM-Case C).

Essentially, the TPLP will normally check the cars before acceptance of the cars from the CM for delivery purposes. Once they receive the cars from the CM, all the risk of the cars is automatically transferred to the TPLP. The TPLP is responsible for any damages or defects of the cars. The car is recognised as quality when there are no scratches, no dents or any other defects. If there is a defect on the car made by the TPLP, the cost will be borne by the TPLP. Even though they bear the cost, the marks from the evaluations are also deducted. At the same time, penalty is also given to the TPLP when this happens. If this occurs continuously, it will affect the partnership as the CM will use this

evaluation as a basis to renew the contract. All interviewees agree this factor is vital for the partnership success. It is surprising to highlight that in past literature, product quality was rarely mentioned in LPS or LSP. This also contributes to the novel findings and enhances the theory in the TPLP research.

It should be noted that past research in logistics relationships or LSP does not go in depth on this issue and this interpretive research found significant new findings to contribute to the supply chain and TPLP theory. From this finding, therefore the next proposition placed:

**Proposition 1a-iii):** *The quality of the cars delivered by the TPLP significantly affects the success of the logistics partnership between the CM and TPLP in the Malaysian automotive industry.*

#### iv) Route

Another parameter is the route. Only two cases from the seven cases emphasised this factor seriously when evaluating the performance of the TPLP as indicated in interviewees from case study B and D. As explained in case study B, interviewees agree that the CM already identifies the route which the TPLP has to follow. This is important to avoid any traffic or risk that could affect the delivery and the quality of the car during delivery, it is about risk management. The following quote from CM side highlights this:

*“If the route presents a problem, for instance, if we need to go to JB in one day and one way, then we will still deliver”* (CM-Case D).

Another interesting quote is:

*“If they fail to follow this route, we will give them a demerit”* (CM-Case B).

In other words, if failure to comply, will be result in a penalty. While in case study D, route is discussed by the interviewees as a result of their contingency plan if something undesirable happens. For example, if the road is flooded, they already have an alternative route to follow in order to make sure the delivery is

made as scheduled. With this explanation, the proposition is developed to show the association to LPS.

**Proposition 1a-iv:** *Following the route laid out by the CM could influence the success in the logistics partnership between the CM and TPLP in the Malaysian automotive industry.*

**v) Urgent Delivery**

Apart from delivery time, in some cases, such as case C and E, the findings show that urgent delivery is also one of the parameters in evaluating LSP provided by the TPLP. It should be noted that this refers to the special delivery which is not sometimes stated in the contract as explained earlier. In these two cases, this factor is important as failure to comply with this factor will affect their evaluation and if it continuously happens, it could affect the relationship. Even in the other cases it does mention about urgent delivery, but it is not a key factor in evaluating the TPLP. Past research shows, as Daugherty *et al.* (1996) explain, that the TPLP that could provide emergency handling is known as the TPLP with a higher performance level. It also shows commitment by the TPLP to the CM as their key partner. Therefore, the next proposition can be posited:

**Proposition 1a-v:** *Urgent delivery positively influences the success of the logistics partnership success between the CM and TPLP in outbound logistics in the Malaysian automotive industry.*

It is important to note that the researcher decided to develop separate propositions for each LSP parameter as one of the main contribution of this study is to provide a deeper understanding of the issue of the logistics partnership between the CM and TPLP with regards to the LSP factor. To conclude, the interesting new findings achieved in this research through expanding the LSP construct with regards to the automotive industry context, show that whereby in the past research, basically, emphasis is placed on time of delivery, shipping errors and other (see Table 3.1) as a key factor in evaluating the TPLP's logistics service performance, in this research, it is shown that in the automotive industry, the most important factors in LSP are delivery time, product quality and support (car carrier). At the same time, route and urgent delivery is also important. But the most important parameters for LSP are delivery time, support (number of car carriers), and product quality, which are widely discussed in each case.

### **6.3.2 Investment**

The next second order theme in the operational dimension is investment. This is also a key contribution from this research since few previous research studies have included the factor of investment in investigating the logistics relationship. All cases validate that this factor is significant to the success of the logistics partnership between the CM and TPLP as it shows the TPLP's commitment to the CM and the TPLP's willingness to support the CM as their partner or customer in the relationship. From the analysis, it is interesting to note that there are several types of investment found in logistics partnerships made by the TPLP to support the CM in logistics efficiency and to improve their communication which in turn influences the success of the logistics partnership. Below are the types of investment made in the logistics partnership in the automotive industry.

#### **a. Investment in Car Carriers**

All cases agree that their TPLP makes a big investment especially in terms of the number of trucks or car carriers. This is a huge investment by the TPLP as each car carrier is very costly and expensive. As explained by the TPLPs, one car carrier costs about MYR 350,000. Moreover, the life time for this car carrier is only seven years. As explained by the interviewees, the investment is easily made when the partner feels secure in their relationship with the CM and this is also one of the ways the TPLP shows their commitment.

#### **b. Investment in a GPS system**

There is also investment made by the TPLP in a GPS system. It is important for any car carrier to have this GPS system so the TPLP can easily track their car carrier with the driver and update the CM. Any delay or problem because of car carrier breakdown can be simply detected. Also, in case B, the CM explains that with the GPS system, they can monitor whether their TPLP follows the route that they have already agreed upon.

#### **c. Investment in a Management System**

Another investment is in a management system such as ISO. ISO stands for International Standard Organisation. This investment has been discussed in case

study B, F and G. It is quite expensive as agreed by the interviewees but the TPLP is willing to invest in this management system in order to make sure their services are highly evaluated. However, from the CM's side, they believe this investment factor is good but not necessarily needed in partnerships or for a successful partnership; however, it does show the TPLP commitment to improve. It is not included in the evaluation when evaluating TPLP's performance.

#### **d. Investment in IT systems for Better Communication**

Another investment made in the logistics partnership is investment made by the TPLP or CM in order to improve their communication, which is investment in an IT system. This is vital as communication is important in the success of any relationship. The interviewees say that they need to communicate in one language. Even though sometimes they not use the same system, the data can interface; however, miscommunication can still happen and this is not good. For instance, as explained in case study C, the CM did invest in an IT system to improve their communication with the TPLP. Whilst in case study D, the CM always demands their TPLP to follow the technology and is willing to invest to improve their logistics efficiency. As explained by the CM in case study D, they want their TPLP to grow with them and keep up with whatever technology changes there are in the industry for the benefit of both.

#### **e. Investment in Drivers and Insurance**

Another investment made by the TPLP is the investment in their drivers (for example in case study D and G). The interviewees from both TPLP and CM sides explain that they are aware the car carrier's driver should possess insurance for the benefit of the drivers in the event of misfortune. At the same time, this shows that the TPLP is good in handling their employees, and shows positive ethics to the CM. Even though this factor of investment is good, as explained by the interviewees, it does not really influence the success of the logistics partnership.

To conclude, investment is important for a successful logistics partnership between the CM and TPLP in the automotive industry, especially investment in a GPS system and car carriers. Even in the past research (Humphreys *et al.*, 2001; Lambert *et al.*, 2004) it is stated that investment could affect the relationship, but it is like not clear as to how the

elements of investment could affect the relationship between the CM and TPLP. With the above interesting findings and deep explanation gathered from this research, the next proposition is developed:

**Proposition 1b:** *Investment in car carriers, GPS systems and IT systems has a significant effect on the logistics partnership success between the CM and TPLP in the Malaysian automotive industry.*

### **6.3.3 Information Technology (IT) and Communication**

It is significant to highlight that all cases agree that the use of IT in partnerships is important in order to have better communication and to ensure accuracy of data transmission. The findings show that it allows the partners to communicate in one language without having any miscommunication or error in transferring data. At the same time, the use of email, phones and faxes are also important as they are an easy way to communicate. However, as explained by the interviewees in all cases from the findings, it is undeniable that face-to-face meeting is also vital especially when there is an issue which, of course, could not be solved with the use of IT in communication. Therefore, face-to-face meeting is also significant. In some cases, even though there is no issue, they regularly undertake face-to-face meetings (for example in case A). Interestingly, in the findings from case study D, the interviewee from the CM side does mention that they sometimes also have a video conference with the TPLP. This shows that they use IT to better communicate even they cannot meet face-to-face. Past research on IT does mention about its importance in business-to-business relationships but does not clearly explain how IT plays a significant role for the success of a CM-TPLP relationship (for example a study from Jeffers, 2010; Kampstra *et al.*, 2008; Kahn *et al.*, 2006, Lewis and Talalayevsky, 2000; Power *et al.*, 2007). From this point, the next proposition is developed:

**Proposition 1c:** *Apart from face-to-face meeting, IT use such as email, IT systems and video conferencing could help both CM and TPLP to ease the communication and to increase the accuracy of the data transferred which will, in turn, help to achieve successful logistics partnerships.*



### 6.3.4 Information Sharing

All interviewees in all seven cases agree that they share certain information between partners and it has been proven that it is one of the key important factors for the logistics partnership between the CM and TPLP. In other words, as a partners, they become like family members, thus some information is significant to achieve the objective in the relationship. From the findings, it is significant to highlight that from the CM side, they mostly share information about their production planning, sales forecast and future planning. While on the TPLP side, they basically share information such as car carrier planning, also known as load planning. Load planning, here, refers to the numbers of car carriers needed every day on every delivery. This information will come from the TPLP and it shows how the TPLP manages the cars with the car carriers they have to deliver in the schedule. From the deep investigation of both perspectives, a clear understanding is drawn from the significant finding. This interesting finding will fulfil what is lacking in the background theory (Cao and Zhang, 2011; Kaipia and Hartiala, 2006; Kwon and Suh, 2005; Premus and Sanders, 2008) especially with a focus on the CM-TPLP relationship in the automotive industry as there is limited evidence focusing on this issue especially within the automotive logistics industry. With that explanation, the researcher introduces the next proposition as below.

**Proposition 1d:** *Sharing information on production volume, sales forecasts, future planning and load planning between the CM and TPLP is significant to achieve a successful logistics partnership in the automotive industry.*

### 6.2.5 Price of the Logistics Service

It is exciting to remark that this newly emerged theme, price of the logistics service, is also regarded as one of the important factors that could influence the success of the logistics partnership between the CM and TPLP. Case A, B, C and D claim that price of the logistics service is an important factor in their relationship as it actually relates to certain factors like car carrier cost, tax to government, fuel and insurance. This factor has been strongly emphasised from the TPLP side. From the findings, it could be concluded that the TPLP is asking to pay a negotiable price as the logistics cost is very costly. The finding did show that they, the TPLP, have to pay tax for every car carrier when they buy, and also the price of fuel is high as their subsidy will be withdrawn. Below is an interesting quote that represents this factor:

*“Yes, we can fulfil the requirement but you need to increase the price a bit... You can see how much our profits are. It is so little if you want to compare to the profits made by the car manufacturers. But since we are in this business, we simply have to follow what is given to us. This is the problem. If these people believe in partnership, they would have given us a long-term contract, instead of a short-term contract. As a return to the partnership, this is the rate that we get, like what I am showing you” (TPLP-Case D).*

Another interesting quote is:

*“In return, what we provided, we get paid for. For now however, it is not a win-win situation. The CM gets more ours however are shrinking” (TPLP-Case A).*

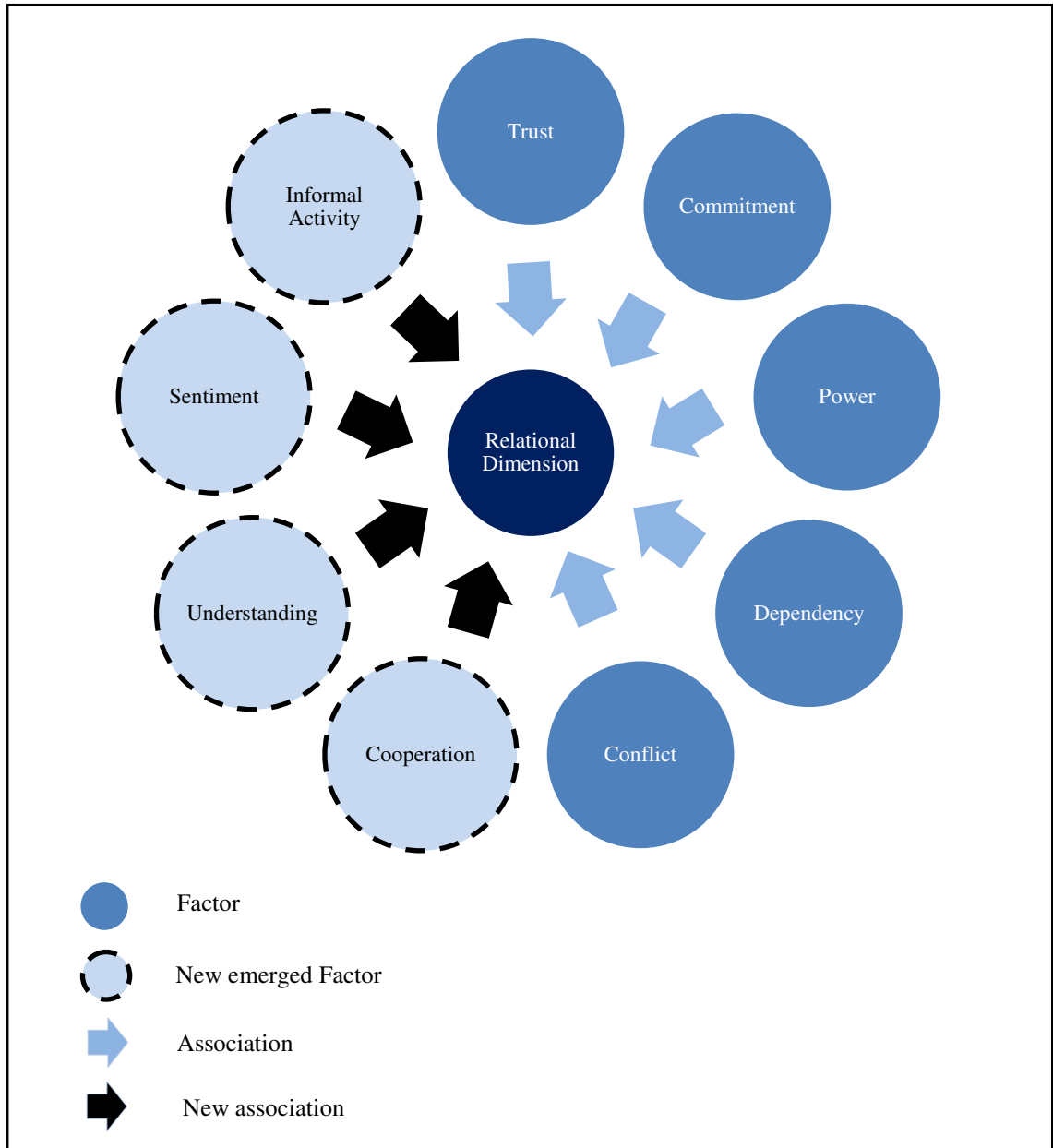
It should be highlighted here that past research on TPLPs mentions price but not on the logistics relationship; it is discussed more as topic of selection of the TPLP, for example, a study from Sohail and Sohal (2003). From this interesting finding, the researcher develops a next proposition as below:

**Proposition 1e:** *Low price of the logistics service paid to the TPLP could have a negative influence on the success of logistics partnership between the CM and TPLP*

#### **6.4 Relational Dimension and Logistics Partnership Success (LPS)**

In this section, the researcher aims to provide a clearer explanation from the seven case studies with regards to the relational dimension. All seven cases agree that the relational factor is important to achieve logistics partnership success in the Malaysian automotive industry. From the findings, a number of second-order themes emerge which will be discussed and justified. This will then help to validate and revise the model of LPS between the CM and TPLP at the end of this chapter. Before going further into the detailed discussion on each of the second-orders construct in the relational dimension, it is good to have a big picture on overall second order constructs of the relational dimension (including newly emerged themes) as illustrated in Figure 6.3, below. The newly emerged themes are highlighted with dashed lines and black arrows to show its association to the relational dimension.

**Figure 6.3:** Relational Factor across the Seven Cases



Source: Derived from empirical data

As proposed in the conceptual model in Chapter Three, the relational dimension consists of five second-order constructs, namely, trust, commitment, power, dependency and conflict. However, after within case analysis done in Chapter Five, four newly emerged themes are identified, namely, informal activity, sentiment, understanding and cooperation that can influence the success of the logistics partnership between the CM and TPLP in the Malaysian automotive industry. The explanations on each factor are as follows:

### 6.4.1 Trust

All the interviewees from seven cases agree that trust is vital for any partnership and can influence the success of the logistics partnership in the Malaysian automotive distribution channel. According to the interviewees, they agree that trust is developed based on their past experience with the TPLP. It should be highlighted here that any bad experience can reduce trust in partnerships. The researcher would like to underline an interesting quote which explains this situation: “*We have experienced several false claims. I found out about this. We found out there were cases of double claims... When I found out about this problem, I decided to stop all these staggered claims*” (CM-Case G). While on the TPLP side, trust is also related with the company’s reputation in the industry and long term relationship with partners. The CM also explains that trust and investment are related to each other. As explained by the TPLP, they are willing to invest when they trust their partner and the CM also gains their trust towards the TPLP based on investment made by the TPLP when the TPLP is willing to invest, it shows that the TPLP is actually committed in their partnership. In unique cases such as case study F, the trust existing between them has been developed since the creation of their company. As explained by both sides, they already have a good relationship and were familiar with each other before coming to Malaysia. The relationship started in Germany continues in Malaysia especially as both of them have branches in Malaysia. Past research, for example, (Barrat, 2004; Cambra-Fierro and Polo Redondo, 2008; Golicic and Mentzer, 2006; Knemeyer and Murphy, 2004; Morgan and Hunt, 1994) does mention trust is central in any relationship. Christopher (1992) mentions that trust develops in logistics relationships as a result from the satisfaction with the logistics performance provided by the TPLP. With that in mind, the following proposition is developed:

**Proposition 2a:** *Trust in the logistics partnership between a CM and TPLP develops through past experience and this significantly affects the success of the logistics partnership between the CM and TPLP.*

### 6.4.2 Commitment

Commitment is important in the success of logistics partnership as each party shows that they are committed in their responsibility to satisfy their partner and achieved goals

for both in a win-win situation. From the seven case studies, all interviewees agree that the TPLP is willing to work more than office hours if there are any pending delivery jobs. The TPLP can work extra hours anytime as instructed by the CM. At the same time, as explained by the CM in case study C, the TPLP is readily available when the CM wants to meet or communicate. This all shows the commitment in the relationship. The ability of the TPLP to provide what has been stated in their contract agreement with the CM also shows their commitment. From the findings, it is also explained that when one party is willing to invest, it also shows that they are actually very committed to the relationship. This is explained in this quote:

*“I think that our TPLP is very committed with their investments. Recently we found out that they have obtained ISO certification which I feel is part of an investment. It is quite costly to apply for ISO verification. It is indeed a huge investment. I figure they have invested heavily to improve their company” (CM-Case G).*

With that, the researcher develops the proposition below:

**Proposition 2b:** *Commitment shown from members in the partnership could positively impact on the success of the logistics partnership between the CM and TPLP.*

### 6.4.3 Power

From the analysis of the seven case studies in Chapter Seven, most of the interviewees agree that customers normally have more power in the partnership as they are more dominant, as a customer, compared to the TPLP which is the provider. However, in case study B, the interviewees from the CM mention that the TPLP also has power in the partnership as a provider especially when they have the expertise and assets in logistics activities that the CM does not have. However, as explained, the TPLP power will be more exerted if they are in an association. As explained, in most cases, instruction from the CM shows that they have the power to instruct the TPLP to do something. However, the researcher found that, the use of power in certain cases is acceptable, if it does give negative effect to the success of logistics partnership. The partnership might fail if the TPLP are not happy with the way the CM uses their power. Therefore, the researcher made a conclusion that power is good in the relationship but it partly affects the success of the logistics partnership. Thus, the researcher posits the next proposition below:

**Proposition 2c:** *The misuse of power by the CM towards the TPLP can negatively influence the success of their logistics partnership.*

#### **6.4.4 Dependency**

Both parties (CM and TPLP) in the seven cases of this research agree that they are actually inter-dependent on each other. The important point identified in this research both from the CM and TPLP is actually they need each other. Essentially, the CM offers the business to the TPLP but, on the other hand, the TPLP offers the CM their assets and logistics expertise, in this research, transportation activity in performing delivery of the cars on behalf of the CM. Past research explains about this factor in the buyer-seller relationship such as the studies from Roslin and Melewar (1997) and Power *et al.* (2007). However, in term of the logistics partnership context, it is rarely analysed. From the findings of the analysis of the seven cases, the researcher could make the conclusion below:

**Proposition 2d:** *The inter-dependence between the CM and TPLP could establish their relationship; therefore it is reasonable to affect a successful logistics partnership.*

#### **6.4.5 Conflict**

The interviewees mention that conflict can affect the success of the logistics partnership. Conflict is actually raised in logistics partnerships when one party does not satisfy the other party. For example, in terms of the CM, conflict could arise when they do not satisfy with the performance of the TPLP. For example, as claimed by the interviewees, failure to comply with what has been stated in the agreement contract and failure to provide logistics services as expected in the evaluation form can make the CM dissatisfied with the TPLP. From past research, for example, a study from Mohd Roslin and Melewar (2002), mentions about conflict in a manufacturer-retailer relationship. However, in this research, interesting findings found that the conflict also could arise when the TPLP is not happy with the price offered by the CM. If this is not carefully managed, it could give negative impact to the CM-TPLP relationship. Therefore, the researcher put forward the next proposition:

**Proposition 2e:** *Conflict could arise when there is dissatisfaction among partners, and it could negatively affect the success of the logistics partnership between the CM and TPLP if not properly managed.*

#### **6.4.6. Cooperation**

From the seven case studies discussed in Chapter Five, four cases mention this newly emerged theme, cooperation. It is explained by case study A, B,C and G. According to the interviewees, cooperation can be seen when the TPLP is easy to contact for a meeting to discuss something. At the same time, it can be seen from joint planning and partner's flexibility. One of the key quotes that explain about this is:

*“Our TPLP has been very co-operative. When we asked them to come, they would come to our office within 15 minutes. Their office is just next door” (CM-Case C).*

From the findings, it could be concluded that the TPLP always shows their willingness to help the CM and to fulfil the aim of the CM. Thus, the researcher posits the next proposition as below:

**Proposition 2f:** *Cooperation from the TPLP towards the CM can positively affect logistics partnership success in the Malaysian automotive industry.*

#### **6.4.7 Understanding**

Findings from all cases except case A, widely describe understanding as an important factor to achieve success in the logistics partnership between the CM and TPLP. Understanding here, refers to the ability of the both parties on the other's responsibility and also appreciates its partner and realises the partner's problem and difficulties. As discussed in Chapter Five, the TPLP mentions that they do understand what the CM wants to have an efficiency in transportation and also reducing cost, but on the TPLP's side, they want the CM to understand their difficulty to maintain in the industry especially with the very high cost and also with sometimes low price paid by the CM to them. What is more, for the TPLP, planning from the CM is very important as it affects the full utilisation of their assets (car carrier), making it easy to plan to receive another part time job. It is highlighted with this interesting quote from the TPLP side:

*“We find it very problematic because the costs of things go up every year; the price of tyres, increment of salaries and so on and yet, we cannot increase our rate. So far, we think our client does not understand our limitation... They have to understand how we work and planning is very important” (TPLP-Case C).*

Another interesting quote is:

*“You need to communicate your plans, your problems and you cannot say ‘I don’t care about your problem. I want 20 trucks today!’ They have to understand how we work and planning is very important” (TPLP-Case C).*

The TPLP also mentions other business opportunities they have to gain from other CMs to support their company to maintain in the industry. There is no difference between large or medium TPLP companies as the large TPLP also gives the same opinion about this newly emerged second-order construct. Therefore, the next proposition is developed:

**Proposition 2g:** *Understanding each other between the CM and TPLP could help them develop successful logistics partnership.*

#### **6.4.8 Sentiment**

In case study D and case F, the interviewees from the TPLP side agree that sentiment is important for success in logistics partnerships. Sentiment, here, refers to the reaction or attitude that relates to country or race of the interviewees. In other words, it could be described as personal touch or personal relationship. As explained in case study D, Asian sentiment is important for the success of partnership in business. Although the researcher is aware that this research does not have a focus on cultural issues, as already mentioned in Chapter One (section 1.5) and Chapter Three, this particular finding is considered worthy of report, as it may signify an important area for further investigation in future studies. As emphasised earlier, the industrial b2b relationship in the logistics context is formal, as it depends on the efficiency of the logistics and the TPLP is chosen according to its reputation and performance. However, the reference to culture emerged in two of the cases, and although not having been widely discussed, the researcher has decided to report it as it echoes the assertion of Mohd Roslin and Melewar (2004) which says that the treatment will be different when each partner knows and has the same



feelings or emotions. This is also supported by case study F, where, the TPLP mentions this sentiment factor saying they are happy to have a long term relationship together and do not plan to change as they are very compatible to work with as both of CM and TPLP are from Germany. The following interesting quote that highlight this factor:

*“We have been having this relationship way back. In fact, the relationship started in Germany. And one more thing, German companies prefer to work with their counterparts from Germany” (TPLP-Case F).*

However, case study A, B, C, E and G do not mention this issue, the theoretical saturation could not be reached as only two cases from the seven cases mention this. However, even this factor is not widely discussed in the findings, and the researcher assumes that this factor could affect the relationship between the CM and TPLP even though it is very weak. This could be further explored in future research. Therefore, the researcher posits the next proposition below.

**Proposition 2h:** *Sentiment can moderately influence the success of the logistics partnership between the CM and TPLP in the Malaysian automotive distribution channel.*

#### **6.4.9 Informal Activities**

The fourth newly emerged second-order construct in the relational dimension in this research is informal activities. Informal activities refers to the non-official communication between partners (CM and TPLP) such as having social activities together out of office hours, and also involves non-official activity like gatherings, having sports activities together during weekends and also having a dinner or celebration together. Case study A, B, D, E, and G agree that this factor affects the relationship between the CM and TPLP. However, case Study F does not mention this and disagrees saying that informal activities have no affect on logistics partnership success. One of the interviewees from case F mentions that their partner, the CM, do not have any activities together:

*“They are very professionals, only formal” (CM-Case F).*

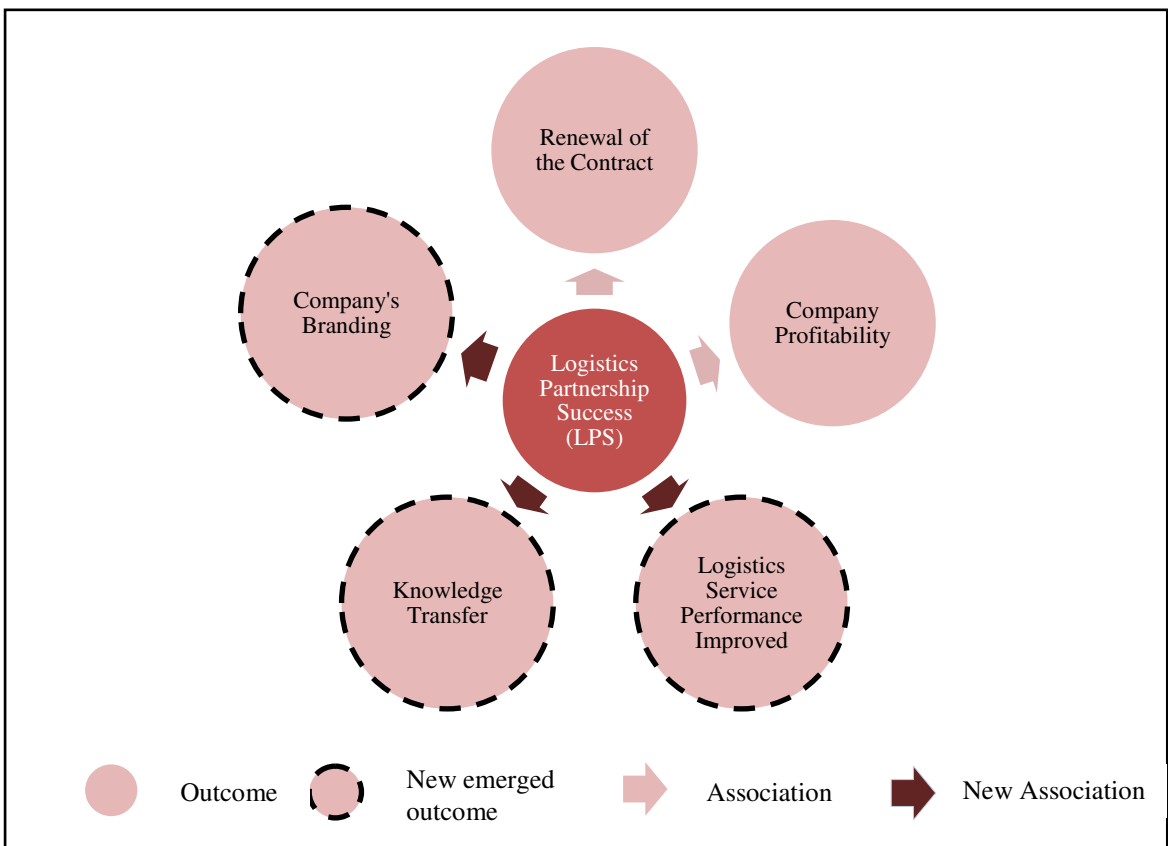
However, as six from seven cases do mention about the importance of this factor in the logistics relationship, the researcher posits the next proposition, below:

**Proposition 2i:** *Informal activity between the CM and TPLP could positively influence the partnership to succeed.*

### 6.5 Outcome from the Logistics Partnership Success (LPS)

As a result from the win-win situation from the partnership between the CM and TPLP in the automotive distribution channel partnership, each party enjoys benefits from each other. This section explains the outcome (including new outcomes identified) found from this analysis. Figure 6.4, below, illustrates the outcome and new outcomes identified from the analysis. The newly emerged themes are highlighted with the dashed line and dark red arrows showing its association with logistics partnership success.

**Figure 6.4:** Outcome from the Logistics Partnership Success across Seven Cases (including newly emerged themes)



Source: Derived from empirical data

To summarise, there are several main outcomes (financial and non-financial outcomes) from the success of the logistics partnership between the CM and TPLP found in this

research. They are the renewal of the contract, company profitability and three newly emerged themes, namely, improvement on the logistics service performance, knowledge transfer, and company branding.

### **6.5.1 Renewal of the Contract.**

The first outcome identified as a result of logistics partnership success between the CM and TPLP is the renewal of the contract as a result of loyalty. This refers to the long term relationship as a result of renewing the contract between the CM and TPLP. The interviewees from all cases agree that this factor is an outcome from the successful logistics partnership between the CM and TPLP. It has not been discussed widely in Case F, as the interviewee explained that his company had already decided that it would have a long-term relationship with the chosen TPLP because both the TPLP and the CM's parent company were German, and that was sufficient reason for a continued partnership. This findings is parallel with past research in business-to-business relationships (B2B) or business-to-consumer (B2C) relationships as discussed in Chapter Two, for example, see Davis and Mentzer (2006) and Lieb and Bentz (2005a). The same pattern in B2C relationships, the success of the relationship will make a customer become loyal to the seller. There is one quote that explains this:

*“Then we renew their contract. If they do not meet our goals, we will provide them with opportunities to improve” (CM-Case G).*

The researcher posits the next proposition as below:

**Proposition 3a:** *Renewal of the contract is a result of a successful logistics partnership between the CM and TPLP.*

### **6.5.2 Company Profitability.**

Another outcome identified from the success of the logistics partnership between the CM and TPLP is company profitability. For this theme, the CM achieves this as a result from cost reductions they achieve when using the TPLP to perform this logistics activity (transportation) as proposed in past research (Bhatnagar and Viswanathan, 2000; Jaafar and Rafiq, 2005; Jeffers, 2010). While on the other side, the TPLP achieves this

profitability when they gain a renewal on the contract, of course, they secure more business and this will increase their company's profitability. The below is an interesting key quote from the findings explaining this:

*"The contract is renewed on a yearly basis. Obviously, there are long-term contracts to maintain business relationships. This is to give us a cost benefit, at the end of the day, it will certainly improve our profitability"* (CM, Case D).

*"We get to expand in our business"* (TPLP-Case E).

With that, the researcher posits the next proposition as below:

**Proposition 3b:** *The CM and TPLP will experience company profitability as a result from success of the logistics partnership.*

### **6.5.3 Improvement on the Logistics Service Performance (LSP)**

Another benefit gained from LPS is improvement in LSP. The CM will gain this benefit if the TPLP experiences a decrease in the customer complaint index. It strongly presents in case study A, B, C, D, E, and G. For example, this quote explains the situation:

*"Apart from that, we can also improve our customer's satisfaction index. From the customer's point of view, our outlet is our customer, they will know that we handle our distribution well and the delivery service is also a plus"* (CM-Case B).

The next proposition developed is as below:

**Proposition 3c:** *Improvement of the logistics service performance to the CM's side is an outcome from the logistics partnership success between the CM and TPLP.*

### **6.5.4 Knowledge Transfer**

Another outcome identified is knowledge transfer. As explained by the interviewees in Case A, C, D, E, F and G; knowledge transfer is gained when both parties work together and share information. The knowledge is transferred when they share information and also from the training they attend during their partnership. Below are the key quotes that interestingly explain this outcome:

*“Apart from businesses success and incomes we got, we also learn a lot of new things which also teaches us to improve ourselves” (TPLP-Case B).*

*“We inform the factory about how to plan, for instance, how to manage the trips for the trucks. The car manufacturers also get some knowledge transfer and we also learn to plan whatever that they give us” (TPLP-Case C).*

*“When I first join the company, I have zero knowledge of logistics. I learned a few thing from my TPLP” (CM-Case G).*

With that, the next proposition is developed:

**Proposition 3d:** *Knowledge transfer is an outcome from the logistics partnership success between the CM and TPLP.*

### **6.5.5 Company Branding**

This theme emerges from the analysis on empirical evidence (case A, B, C, D, F and G). The interviewees agree that the CM will benefit the increased on their company’s branding when the partnership is a success. There was no discussion of this theme in Case E, possibly because the company involved is smaller than the others, and perhaps does not believe that the use of a TPLP will have significance for establishing its industrial branding. This is achieved when they have excellent logistics services, such as no defects to the cars and cars delivered to the customer on time, as scheduled. This will increase the customer sales satisfaction index and decrease the customer complaint index, and from here the CM’s company branding will rise. This is because branding represents the company image with some attributes. It is aligned with what been suggested by Davis *et al.* (2009, p. 202), that: *“Branding is as important and valuable to business-to-business marketers as it is to consumer markets”*. Clearly, the CM’s image (brand) can be enhanced by good performance on the part of the TPLP since if delivery deadlines are met with overall good service, that enhances the CM’s reputation and prestige. This has been discussed by Mudambi *et al.*, 1997) who note that branding could be conceptualised from the perspective of the industrial buyer. In this matter, industrial buyers are thought to be more rationally concerned with determinants such as product performance, product quality, delivery, service and price (Shipley and Howard, 1993). Therefore, it is supporting this research finding. As explained from past research, there is a gap in understanding branding in logistics partnership studies (Davis *et al.*, 2008). On the other hand, the TPLP also gains and their company brand rises when they

serve the large car manufacturers and increased their reputation based on their testimonials. As suggested by Davis *et al.* (2009), third party logistics providers (TPLP) should make their company well known. Moreover, this exciting quote also clarifies this:

*“Actually, companies like us are grateful that we got this CM deal. I do not think there are any other benefits” (TPLP-Case F).*

With this discussion, the researcher posits the next proposition, below:

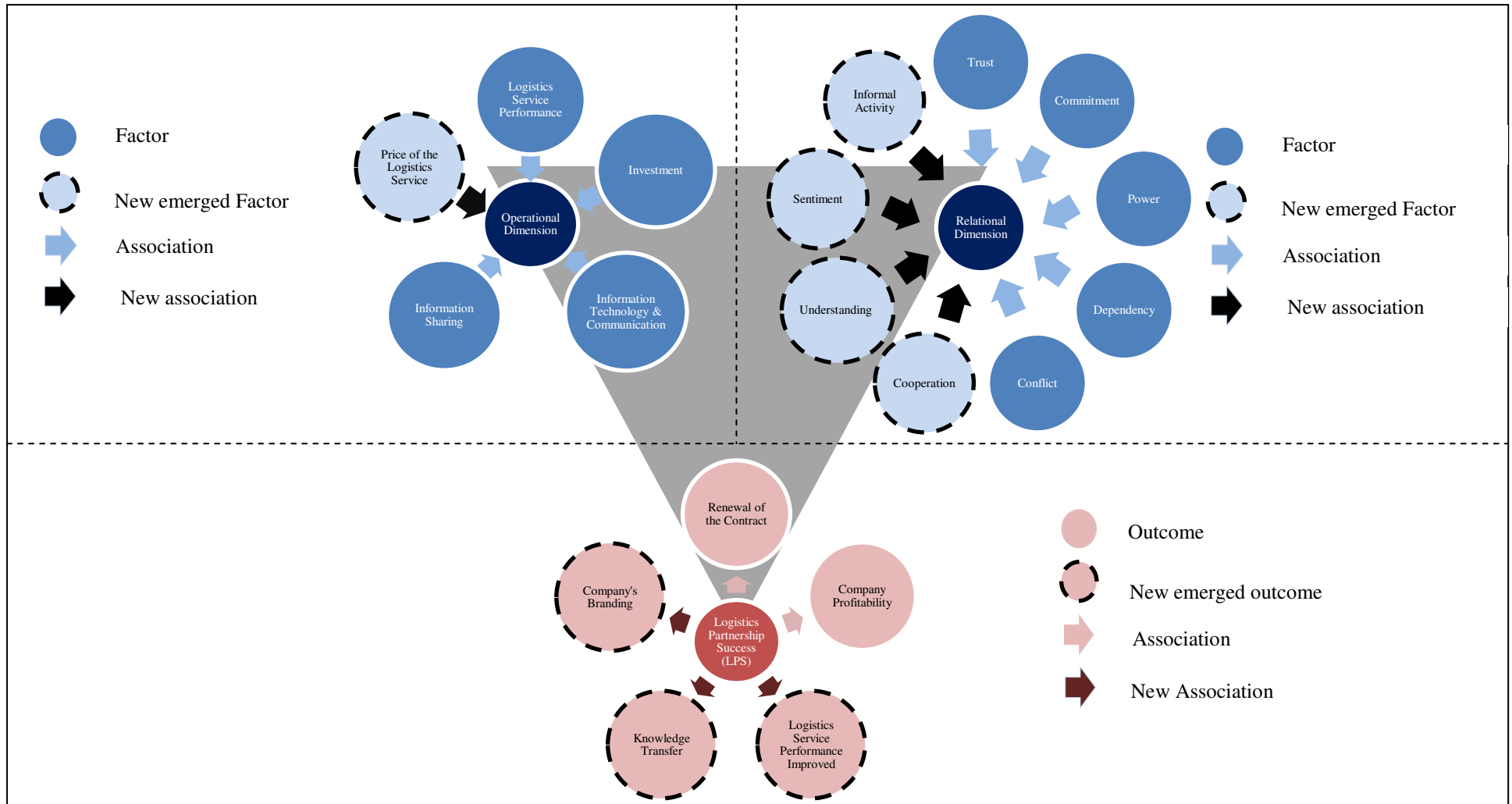
**Proposition 3e:** *CM's branding and TPLP's is increased as a result from logistics partnership success*

Saturation is achieved, on each of the above themes; the next section will present the case-ordered effect matrix in these seven cases to show the strong association between themes in two main dimensions (operational and relational) with LPS as an outcome. At the same time, this is used as a basis to develop a new revised model on LPS between the CM and TPLP.

## **6.6 Overall Dimensions - Operational, Relational and Outcome**

Figure 6.5 shows the combination of the operational, relational and outcome dimensions from the above discussion, thus providing a clearer view and understanding of the overall concept of LPS. This figure explains the key findings from each dimension and also highlights some newly emerging themes gathered from the data, which was collected until saturation was reached. This newly emerged theme has been added to the revised model in section 6.8. This is explained further in section 6.7.

**Figure 6.5:** Combination of Overall Operational, Relational and Outcome (combining Figure 6.2, 6.3 and 6.4)



Source: Derived from empirical data

## 6.7 Case-Ordered Effect Matrix

In Figure 6.6, below, the overall dimensions (operational, relational and outcome) investigated in this CM-TPLP relationship research are shown. The aim of the case-ordered effect matrix is to show the main outcomes and provides the most important antecedents variables that influence the main outcome (Miles and Huberman, 1994). The green colour represents the operational dimension, red represents the relational dimension and blue represents the outcome. Results from the evaluation of the key association between the two main antecedents dimensions, operational and relational, are presented together with outcomes to achieve the research aim and objectives. The seven cases (case A to G) have been examined in an attempt to understand the existence factors and their associations, which might be positive or negative for the achievement of the success in the logistics partnership. From the empirical evidence gathered and discussed earlier, in Chapter Five, there are positive links among two main dimensions and the effects among them are highly important, which provide validation for the development on the new model of LPS in the automotive distribution channel. Therefore, it is important to see Figure 6.6, below, to understand how it helps to validate the process of developing a new model on LPS as will be discussed in the next section. It is significant to note that the themes widely explained will be in the revised LPS model and the minority explained will not be included in the model on LPS. As in this research there are seven cases, the newly emerged themes that are supported from more than three cases will be accepted as the aim of this chapter is when theoretical replication is achieved (Eisenhardt, 1989).



**Figure 6.6:** Case-Ordered Effect Matrix

Components		Logistics Partnership Success (Overarching scheme)													
First-order Theme	Second-Order Theme	Case A		Case B		Case C		Case D		Case E		Case F		Case G	
		CM	TPLP	CM	TPLP	CM	TPLP	CM	TPLP	CM	TPLP	CM	TPLP	CM	TPLP
Delivery time, product quality, car carrier, urgent delivery, route	Logistics service performance	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√
Car carrier, IT system, GPS system, Management system, Drivers and Insurance	Investment	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√
GPS system, Email, Fax, It system, Video Conference, Phone, Face to face meeting	Information technology and communication	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√
Production planning, sales forecast, future planning, load planning	Information sharing	√√	√√	√√	√√	√√	√√	√√	√√	√	√	√√	√√	√√	√√
Car carrier, tax, fuel, insurance	Price of the logistics service	√√	√√	√√	√√	√√	√√	√√	√√						
Past experience, reputation, long-term relationship	Trust	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√
Fulfilment of the contract, investment, extra working hours	Commitment	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√
instruction, cancellation of payment	Power	√	√	√	√	√√	√√	√	√	√	√	√	√	√√	√√
asset, delivery activity	Dependency	√	√	√	√	√	√	√	√	√	√	√	√	√	√
selfish behaviour, false claim, miscommunication, not performed, failure to comply the agreement	Conflict	√√	√√	√	√	√√	√√	√	√√	√	√	√	√	√√	√√

Components		Logistics Partnership Success (Overarching scheme)													
First-order Theme	Second-Order Theme	Case A		Case B		Case C		Case D		Case E		Case F		Case G	
		CM	TPLP	CM	TPLP	CM	TPLP	CM	TPLP	CM	TPLP	CM	TPLP	CM	TPLP
Flexibility, problem solving	Cooperation	√	√	√	√	√√	√√							√	√
Difficulties, problem's partner are having	Understand			√√	√√	√	√	√√	√√	√√	√√	√√	√√	√√	√√
Asian value, European value	Sentiment							√√	√√			√√	√√		
Gathering, sports activity, celebration	Informal activities	√√	√√	√√	√	√√	√√	√	√√	√√	√√			√√	√√
	Renewal contract	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√
	Company profitability	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√
	Improved logistics service performance	√√	√√	√√	√√	√√	√√	√√	√√	√√	√√			√√	√√
	Knowledge transfer	√√	√√	√√	√√	√√	√√	√√	√√	√	√	√	√	√√	√√
	Company branding	√√	√√	√√	√√	√√	√√	√√	√√			√√	√√	√√	√√

(√√): Firms strongly presents (second-order theme has a positive impact on logistics partnership success as an overarching theme)

(√): Firms partly presents (second-order theme has a positive impact on logistics partnership success as an overarching theme)

∅: Firm presents negative impacts (there is no available information from the interviewees or no comments)

## 6.8 Revised Model on LPS

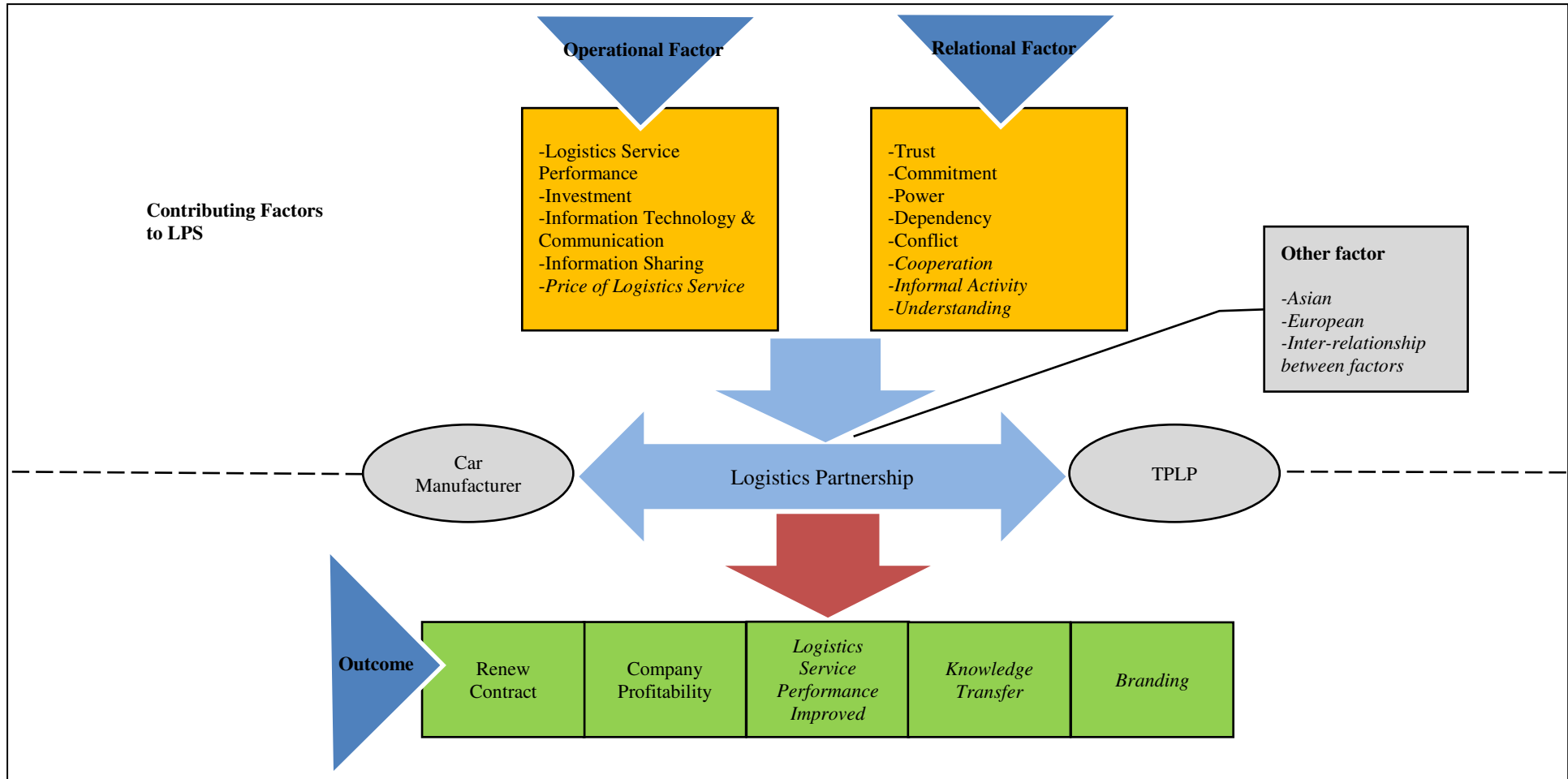
This revised model is developed according to the discussion of the findings from the seven cases, and the propositions are developed according to the cross-case analysis within the seven cases. This research develops a novel model on logistics partnership success (LPS) from the earlier discussion taking into consideration the validation process of empirical findings from the seven cases. As emphasised at the beginning of the thesis, in Chapter Two, past research is unable to provide clearer explanation and deeper understanding in evaluating the dyadic buyer-TPLP relationship which mostly focuses on either operational or relational factor. In other words, there was no holistic model to analyse the logistics partnership for the key association. As stressed earlier, the investigation is mostly on one perspective, either the buyer or the provider (TPLP). Therefore, this research contributes by providing the association between the key themes from both sides of the relationship in the novel model for the success of the logistics partnership. As claimed by Miles and Huberman (1994, p. 222), it is “*a causal model that offers a higher order effort to develop a set of propositions that shows the interrelationship of the factors*”. The principle adopted in this research is theory building for a new model (Eisenhardt, 1989; Miles and Huberman, 1994).

Figure 6.7, below, shows the revised model developing from the validation process discussed earlier. As can be seen from Figure 6.7 the two main contributing factors (the operational and relational dimensions) are very significant for the success of the logistics partnership success (LPS). If compared to the earlier proposed model in Chapter Three, there is an added second-order construct (top-level factor) under each dimension identified from the seven case analyses. For the operational dimension, the four proposed second-order constructs are, namely, logistics service performance, investment, the use of IT in communication and also information sharing is highly important for a successful logistics partnership between the CM and TPLP in the automotive industry (outbound perspective). The newly emerged second-order construct, namely price of the logistics services, is also identified as a vital factor in the operational dimension for a successful logistics partnership and has been added to the revised model. The majority of interviewees agree that this factor also plays a significant role for success in logistics partnerships.

On the other hand, interesting findings are drawn in this research from the relational dimension, informal activity, cooperation and understanding each other also emerged as significant second-order constructs. However, sentiment should be included in the other factor box in this revised model as it is an interesting finding that could be further explored in future research. Only two cases, D and F, mention this issue. Even though it is not widely discussed, this findings gives an interesting insight that could be further investigated in future research. As has been mentioned earlier, although the researcher has not included this issue as one of the original factors within the study, it was decided to report this findings as they might well be investigated in future research.

For the outcome dimension, three newly emerging themes are identified and added to the revised model as a benefit for both parties when the partnership is a success. They are, improvement on the logistics service performance, knowledge transfer, and also company branding. Having all these explanations, therefore, the researcher has revised the earlier model to the novel revised model as illustrated in Figure 6.7, from substantial and novel findings from this empirical research. The italic font in this model refers to the new factor added to the model as a result of the empirical findings. This novel revised model demonstrates the originality of this research and contributes to the existing knowledge of the CM-TPLP relationship, and thus, it enhances the existing SCR and TPLP theory.

**Figure 6.7:** Revised Model on LPS



Source: Developed by the researcher for the purpose of this research

## **6.9 Additional Impact on the Revised Model: From the Dealers' Perspectives**

Since it is understood that other researchers have found that a triadic relationship enhances the operational performance of the TPLPs, the researcher obtained some information from the dealer's perspective in order to include the additional impact on the revised model. From the car dealers' perspective, they emphasise that they have nothing to do (no relationship) with the TPLP since the appointment of the TPLP is completed by the CM. The dealers receive the cars they ordered from the CM. However, they do agree that the quality of the logistics service provided by the TPLP does affect their company since it affects the end customer who orders the car. They agree with the CM that the delivery time, product quality and number of car carriers provided by the TPLP are very important. Dealers are very concerned about delivery time since they have demand (orders) from the customer requiring the car to be provided on time as agreed by the customer. If there is the delay on the delivery by the TPLP to the car dealer, the customer of the car dealer will be disappointed and complain to the car dealer. This will then affect customer satisfaction. As a result, it gives a bad reputation for dealers generally, and CMs specifically, if this happens continuously.

The dealers also agree that if the delivery of the cars are delays because there are not enough car carriers, the TPLPs should add or buy more car carriers to ensure they can deliver the numbers of cars already agreed in the contract with the CM. As explained by the dealers, they only know that each day they will receive cars from the CM which are transported by the TPLP; however any problem that occurs from the TPLP side, such as delay, means the dealers will communicate and complain directly to the CM. The dealers agree that sometimes there are daily delays but since delivery occurs on the same day as promised, it is still acceptable and manageable. In addition, the dealers also check on the quality of the cars to ensure that there are no scratches or dents. This is important to ensure the cars are in a good condition and that nothing bad happened during the loading of the car onto the carrier and during the unloading process to the parking area.

The dealers agree that the use of GPS systems is important so that the CM could check where the position of the TPLP at any time. Even though the dealer is not directly in contact with the TPLP, when the dealer asks the CM, then the CM could inform the dealers of the location of the TPLP at any time. The dealers said that they communicate

less with the TPLP; they just want to know that their cars are transported by the TPLP as scheduled. The dealers only share the information with the CM. For instance, the information that they are sharing concerns the units of cars that will be delivered as scheduled on any one day. If there are any changes or urgent deliveries, the dealers will communicate with the CM and the CM will inform the TPLP. The dealers do not have any comments about the price of the logistics service that could influence the success of the logistics partnership between CM and TPLP since the dealer emphasise that they do not have a direct relationship with the TPLP.

The dealers added that if it the TPLP cannot maintain their performance - for instance, the delay in delivery occurs too many times they would not trust the TPLP. However, it is of no consequence to them as the contract is between CM and TPLP, not them. So, if they are not satisfied with the service provided by the TPLP, they complain directly to the CM and action is taken by the CM, not the dealer. The dealers simply complain to the CM about the TPLP if there is any problem. In conclusion, dealers want the CM to ensure that the TPLP delivers on time, as scheduled, and to a good quality. However, the dealers said the delivery problem occurs seasonally especially when new models are launched and during peak times such as festive celebrations. To ensure that the TPLP maintains their performance in the future, the dealers agree that the TPLP should add more car carriers as the demand for cars or sales are expected to increase from year to year.

Regarding relational factors, the dealers do not have any comment as they said they have no direct relationship with the TPLP; they communicate directly to the headquarters of the CM.

In terms of outcome findings, they do agree that when the customer is not happy with the delivery, it will affect their reputation. Consequently, this will indirectly increase customer complaints and decrease customer satisfaction and sales satisfaction index. However, according to the dealers, when the dealers complain to the CM about bad performance by the TPLP, it will ensure some improvements from the TPLP. The quality of the logistics service especially delivery time, will be improved. As has been said by the dealers, it is very important for the TPLP to understand what they should do as agreed in the contract between CM and TPLP. Additionally, the dealers said they do

not interfere with the relationship between CM and TPLP and, actually, they do not know much about that relationship.

They also agreed that if the TPLP could deliver on time, without problems to the quality of the cars, the customer would be happy, resulting in increased customer satisfaction. When the customer satisfaction increases, it will help the CM to establish their branding and increase the sales. To conclude, there is no additional impact on the revised model from the dealers' perspective that could enhance the revised model since there is nothing emerging from the car dealers. In fact, from the dealers' perspective, it shows the same answer as been provided in the findings. As a conclusion, the recommendation that could be made based on the findings of this research is that all parameters, especially from the operational dimension, should be emphasised and included in the contract between the CM and TPLP to ensure the success of their relationship. Consequently, the car dealers would gain benefit from this when the TPLP could deliver the cars to them on time.

The next subsection will discuss the international supply chain perspective in the Malaysian automotive industry.

### **6.10 International Supply Chain Perspectives**

The Malaysian automotive industry is involved in an international market importing and exporting cars. Generally, the markets of the automotive industry in Malaysia are driven by pull and push factors. In Malaysia, the markets are about 70% for local and 30% for international market. The local CMs export cars to other countries such as Indonesia. Additionally, the industry also imports cars (CBU-complete build unit) from other countries such as Thailand to fulfil demand for international cars in Malaysia. Malaysia obtains international cars from Thailand because it is also recognised as one of the big automotive industries in Southeast Asia and Thailand is quite near to Malaysia.

For distribution of the finished cars in international markets import and export are quite different compared to distribution for local markets. For local markets, cars are distributed to the dealers across Malaysia by the TPLP by road. However, for international markets, the cars are transported on a vessel. Vessel is a term used for international shipping of cars. It refers to large ships that transport the cars for international shipping purposes. Two types of vessels are used:., container ships and ROROs. RORO is an abbreviation for 'Roll On, Roll Off'



explains that, similar to a car ferry, the cars are driven onto specially built ship for carrying the cars. Shipping cars in containers on a vessel is much more expensive compared to RORO because the cars are protected within the container, whereas the RORO is more open, like a car park. The type of shipping used depends entirely on the customer (the country).

The handling of the cars when being put onto the vessels is undertaken by a professional group of people known as Stevedores. They are trained to handle the cars. They do not simply park the car, on the vessel: they drive the car onto the RORO and then anchor the car down (known as lashing). This is a similar process to that for local delivery, when, during the loading process, the car is driven onto the car carrier, and locked at the tyres to avoid them moving. For international shipment, it is the same; the cars are locked once they have been parked in the RORO or container. For international shipping, most countries use RORO because it is cheaper than the container. The objective of using RORO is to maximise the space used for parking the cars. The space is very tight, approximately one square feet to the right left front and back. So, that is why the handling of the cars onto vessel is undertaken by professionals known as Stevedores.

The process of the flow in shipping the cars overseas is quite different compared to distribution across Malaysia. International shipping depends on an Approved Permit (AP) approved by the overseas government. The process for every country is similar. For example, in Malaysia, the CMs export to Indonesia. The government of Indonesia will approve the number of APs, for example 6,000 per year. Indonesia will communicate this directly to the CM plant in Malaysia. The CM export team then advises the shipping line, how many units per week to ship. Normally, the shipping is done on Saturday and Sunday. The TPLP will then transport the cars from the plant to Westport, in Port Klang, Malaysia, which is a one stop centre for international supply chain activity, of cars and other products. The transporter ensures cars are delivered to Port Klang within one week of the order advice being given, where they will be stored until shipping takes place.

A PDI (pre delivery inspection) will be undertaken at the port by the CM team to make sure all the cars are in a good condition. After that, the cars will be loaded onto the

vessel (either a container or RORO) by the Stevedores. Then, the cars will be shipped to Indonesia. The receiving party in Indonesia will check the cars and if any problems have occurred, they will communicate directly to the CM in Malaysia. The delivery of the car through international shipping takes approximately 4-5 days to Indonesia. This is determined by the pre set schedule of the vessel. Compared to local delivery of the cars, the delivery is dependent upon the durations that has been set in the contract between the CM and TPLP, for instance two days for delivery within Klang Valley and three days for outside Klang Valley - or outstation - as discussed earlier in the findings chapter.

The parameters considered for local distribution of cars across Malaysia include the number of car carriers provided by the TPLP, product quality, delivery time, route and urgent delivery. For, international shipping, two important parameters need to be considered, the product quality and delivery time. Product quality here refers to the delivered quality of the cars - no dents or scratches. Delivery time refers to the schedule which has been pre set. In conclusion for export of cars from Malaysia, the process involves the TPLP taking the cars from the plant on car carriers to the storage yard at Westport, Port Klang, within one week following order advice, then to transport the cars to the vessel.

With regard to import of cars into Malaysia, although Malaysia has a MNC plant, the quantity produced sometimes cannot fulfil the demand. Therefore, Malaysia imports mostly from Thailand. The process for import similar to that of export. Malaysia also has a number of AP that are approved by the government. When the cars are delivered to Port Klang, they will be parked in the bonded area which is the storage yard. Once the dealers are ready to take delivery of the cars, the dealers need to undertake a custom clearance. For import, there are also two important parameters for the dealer, product quality and time. On average, the delivery of the imported cars on vessels from Thailand, takes, for example approximately three days.

It is important to emphasise here that for international shipping, there are regulations bodies in each country that control import and export activity. For example, in Malaysia MITI (Ministry of International Trade and Industry) and MIDA (Malaysian Industrial

Development Authority) are the two government bodies that control import and export activity.

### **6.11 Learning from Other Sectors**

In Malaysia, apart from the automotive industry, there are other sectors such as retail and the construction industry that use TPLP. According to Fernie and Grant (2008); and Grant and Fernie (2008), the use of TPLP in retail logistics in the UK are dominant by food industry and also fashion industry. However, the use of TPLP in Malaysia especially in retail logistics, is not developed compared to the West. In Malaysia, as a developing country, the use of TPLP is not really developed. In Malaysia, TPLPs are used mainly by really big retailer such as IKEA for instance.

For large local retailers like MYDIN, they have their own logistics department whereby they have their own lorries to distribute their products. Small and medium retailers in Malaysia, also own lorries and undertake the distribution. However, the use of TPLP in Malaysia is critical to the heavy industry especially the automotive industry, electrical manufacturing and also the construction industry. This is due to the cost of logistics is very high and the fact that the industry itself needs to focus on its business activity.

### **6.12 Conclusion.**

To conclude, this chapter presented a discussion on the seven cross-case analyses exploring, thoroughly, the two main dimensions (operational and relational); it also identified the main outcome that both parties benefit from the partnership success. It could be said that there are five key factors in the operational dimension and eight key factors from the relational dimension that contribute to the success of the CM-TPLP relationship in the logistics context. There is LSP provided by the TPLP, investment, IT and communication, information sharing, price of the logistics service, trust, commitment, power, dependency, conflict, cooperation, informal activity and understanding. The significant findings concerning the LSP parameters that are important for successful logistics partnerships are: product quality, support or the number of car carriers, and delivery time. This knowledge provides a clearer understanding of LSP since it introduces two more important parameters which have not been identified in previous research that has mostly mentioned delivery time for the

outbound logistics. The revision of these findings, therefore, fulfils what has been discovered from previous research to explore in detail about the dyadic relationship in the logistics context. From this study, the researcher finds that calls from past research to explore cultural influences in logistics partnerships are sensible, since some interviewees did raise the issue of sentiment in relationship, although this was only mentioned in two cases, case D and case F. At the same time, the researcher also found informal activities from the relational dimension are also important factors that can influence the success of the logistics partnership. It is also found from this study that the majority of past research is not able to see the whole picture of the phenomena because of the narrow or limited conceptualisations and the focus on specific perspectives or areas (e.g. logistics performance from the buyer side only). This limited investigation and context causes significant factors to be missed that might possibly explain how or why the process resulted in a particular way. This chapter 6 also provide an insight from the dealers, international supply chain perspective and also learning from other sector to ensure the findings of this research is valuable. Having explained this empirical finding, Chapter Seven will discuss about the contribution made from this research, the limitation of this research and also a recommendation for potential future research.

## **CHAPTER SEVEN: CONCLUSIONS**

### **7.0 Introduction**

This chapter starts by providing a summary of the research undertaken. In detail, it explains how all the research objectives and research questions are achieved and answered in this thesis. The summaries of each chapter are given with the key points from each chapter highlighted. The discussion then moves on to the issue of novelty. In this study novelty is achieved with the development of the revised model on LPS between the CM and TPLP in the Malaysian automotive industry. Subsequently, the contributions of the study highlighted. These include contributions to theory, method, and practitioner. At the end of this chapter, several suggestions and recommendations for future research are highlighted.

### **7.1 Research Summary**

In order to draw a conclusion to the current research, the researcher begins by providing a summary of each chapter and explaining its key impact. As stressed earlier, in Chapter One, the research aim is to understand the dyadic partnership between the CM and TPLP by clarifying how both operational and relational factors affect the success of the partnership, by identifying the key outcomes emerging when the partnership is successful, and by highlighting the benefits accruing to the CM and TPLP.

Chapter One explains the overall structure of the research starting with how the idea of undertaking this topic was generated. This idea originally comes from the researcher who has a keen interest in the topic of customer relationship management (CRM) and who also has personal experience in the automotive industry and first-hand experience of the problem. As a result, an original and holistic approach is taken in this research through combining both operational and relational factors in the investigation, along with the outcome.

Chapter Two provides the background theory explaining the significant relationship among channel members. In this chapter, the researcher achieves Objective number one of having an understanding of the bigger picture about the dyad relationship or partnership in multiple distribution channels. This objective is achieved by undertaking a thorough review from top rank marketing and supply chain management journals.

Chapter Three represents the focal theory of this research. The researcher develops a proposed conceptual model for further investigation with guidance from a previous knowledge gap and lack in understanding of the issue of the investigation. In this chapter, the critique of the current literature is argued and taken as a base to develop a conceptual model for LPS between CM and TPLP.

Chapter Four offers the data theory, and begins with an explanation of the researcher's personal philosophy in viewing the issue of LPS. Then, from this standpoint, the researcher explains the methodology chosen to allow her research question to translate into a research project. A multiple case study strategy is adopted in order to understand the phenomena with reference to the very popular guidance from Eisenhardt (1989) and others (e.g. Miles and Huberman, 1994; Saunders, 2009; Strauss and Corbin, 1998; Yin, 2009). The methods, strategies and techniques of analysis are also presented, and a discussion of the ethical considerations is provided.

Chapter Five is where primary findings are presented on a case by case basis. Importantly, key themes are explored in every case (seven cases). The researcher presents what is found in each case without making any comparison between cases. These findings extend factor and internal validity and ensure that conceptual factors and their inter-relationships are credible and reliable for each case. The findings generate a pool of first-order and second-order themes that are linked to the overarching theme (LPS) which is further discussed in cross-case analysis. Propositions are posited to show the association of the key themes with LPS.

In Chapter Six, comparison from seven cases is made by discussing the differences and the similarities about the key themes from the seven cases. The researcher presents the key findings of cross-case analysis which is used to develop a new theory on the issue

of LPS between the CM and TPLP with the development of the novel conceptual model.

The key message which can be delivered is that this qualitative research provides in-depth and unique findings related to LPS which enhances the current theory of logistics relationships in the supply chain delivery channel, specifically in the automotive industry. Before going into further discussion in the next section about the novelty, contribution, limitation, and recommendation for future research, Table 7.1, below, shows the summary of this research.

**Table 7.1:** Summary of Research

<b>Chapter</b>	<b>Research Summary</b>	<b>Evidence</b>
2	In chapter two, developing taxonomy from past literature review providing a basis of the main key factor from both operational and relational dimension to be further explored, along with the outcome. This also has been reviewed from perspective of relationship marketing theory and transaction cost theory	See page 21-102
3	The proposed conceptual model is established to guide for empirical work and the development of the open guide interview. List of propositions is also developed in chapter three as a guide to collect the data beyond the research area.	See page 103-126
4	Data collection has been done with guidance from Eisenhardt (1989) and other top qualitative references. Three steps in case study protocol is completed	See page 127-165
5	Within case analysis has been done and findings from each case have corroborated with the documents, pictures and observation from empirical work.	See page 166-309
6	Cross-case analysis is discussed with the new development of the proposition to show the association between themes with regards to logistics partnership success.	See page 310-347
6	Novel revised model on logistics partnership success is presented as a result from the empirical evidence.	See page 346

## **7.2 Research Novelty and Contributions**

The novelty of this research is obtained through the analysis of both operational and relational dimensions on logistics partnership success between the CM and TPLP in the Malaysian outbound automotive delivery channel with the development of the newly revised model as a result from empirical findings. In other words, the primary findings in this research contribute to the novelty of this research. Apart from this original and fresh model, the researcher makes a contribution in understanding the CM-TPLP relationship, to method, and also to industry and policy as will be discussed in the next section.

### **7.2.1 Contribution to the Understanding of the CM-TPLP Relationship**

This research contributes to knowledge by expanding the understanding of the SCR and TPLP area through combining the operational and relational factors in analysing the buyer-TPLP relationship in the logistics context through analysing CM-TPLP relationships in the automotive industry from both perspectives, and in an Eastern context. The researcher also looks at different angles from those explored in previous research by focusing on the outbound perspectives rather than the inbound or general side. The dyadic perspectives (CM and TPLP) in this study also allow the researcher to obtain rich data and provide a deep and wide explanation of how to develop successful logistics relationships in the automotive industry from outbound perspectives, providing a rich explanation and clearer picture on the phenomena. Simultaneously, as past research is mostly tailored to the context of Western countries, this research provides a new insight by focusing on a South East Asia country, i.e. Malaysia which is also known to have one of the largest automotive industries in the region.

Specifically, this research finds that the five key operational factors, namely, LSP, investment, information sharing, IT and communication, and price of the logistics service are significant to the success of the CM-TPLP relationship. The price of the logistics service is actually newly added to the revised model in Chapter Six as it was discussed widely by the interviewees, thereby demonstrating that it has actually become one of the important factors in the operational dimension, and hence, a pre-requisite for a successful partnership between the CM and TPLP. Another interesting finding from this research as discussed earlier in Chapter Six, concerns the parameters under the LSP.



This enhances our current understanding of the LSP, since the existing knowledge of the LSP in terms of outbound delivery, confirms delivery time as one of the most important parameters in LSP, whereas in the Malaysian context, two more parameters were added, namely support (referring to the number of car carriers) provided by the TPLP, and product quality (no scratches, dents or damage to the cars). These two newly emerging themes mean that in order to have a successful logistics partnership (CM-TPLP) in the Malaysian automotive industry, there are three key parameters (support, product quality, and delivery time) to be contemplated and satisfied. This significant finding enhances the body of knowledge in the area of LSP, since previous studies mostly suggest delivery time and product availability as the key factor (Jaafar and Rafiq, 2005; Grant, 2005; Griffis *et al.*, 2007). At the same time, information sharing like load planning and sales forecasting, is clearly a significant issue in the achievement of CM-TPLP relationship success, yet existing research does not clearly address this factor and does not widely discuss what kind of information is needed for successful logistics partnership in the automotive context. Furthermore, it has been identified that investment in car carriers and IT systems such as GPS, is vital as the CM perceives such investment as providing a TPLP with competitive edge that can improve that provider's service performance, and also as a signal that the TPLP is committed to strengthening the partnership through eased communication between itself and the CM.

Another significant contribution that this research makes is its confirmation of relationship marketing theory which emphasises mostly trust and commitment as prerequisites for the building of successful relationships between channel members. In this study, it has been confirmed and validated that eight key factors from the relational dimension could influence the success of the logistics partnership between the CM and TPLP. These are, trust, commitment, power, dependency, conflict, co-operation, informal activity and understanding. It is interesting to highlight here that by grounding the current study in the Malaysian context, and hence promoting an Eastern perspectives, the opportunity has arisen for new factors to emerge, and in this respect, three new factors are added in the revised model in Chapter Six. These are co-operation, understanding, and informal activities, which were all found to be important for partnership success.

As discussed in Chapter Six, this research also identifies the five outcomes that emerge from a successful partnership between CM and TPLP namely, renewal of contract, company profitability, improved LSP, knowledge transfer, and company branding. The renewal of the contract signifies a long-term relationship since with each renewal, the partnership is lengthened and strengthened. Moreover, when the contract is renewed, the TPLP gains more business, and hence, increased profitability, and on the CM side, profitability is gained through the reduction in costs by not having to perform in-house logistics. This empirical finding also enhances our understanding that branding is recognised as an outcome when the partnership between the CM and TPLP succeeds. According to Mudambi *et al.* (1997), industrial branding could be strengthened from the perspective of industrial buyers, who are believed to be more rationally concerned with determinants such as product performance, product quality, delivery and service (Shiple and Howard, 1993).

In fact, strong branding could be attained from effectiveness in distribution since this means that the product reaches the customer on time, and the customer in turn, perceives this positive outcome as integral to the brand which is effectively being marketed through an efficient distribution mechanism. Hence, strong branding could be achieved with the use of an external party such as a TPLP. This enhances the theory of branding which has been rarely explored in the logistics context (Davis *et al.*, 2008; Davis *et al.*, 2009). To conclude, the combination of the several gaps and problems found in the literature and from investigating the reality in the industry, provide a genuine enhancement to existing theory, thereby demonstrating the novelty of this research. Indeed, it can be asserted that this study fulfils the call from previous research that more attention to different aspects of the TPLP relationship be made (see Bourlakis and Melewar, 2011; Marasco, 2008). Both parties also gain knowledge transfer as they share the information, and the LSP is also improved.

This contribution is what the current supply chain relationship and TPLP theory needs in order to capture all the significant empirical evidence from Western and non-Western regions on the topic of the logistics partnership.

### **7.2.2 Contribution to the Method**

This research has also made some contribution with regard to the method concerned, since it provides a new insight to the research phenomenon being studied through its use of a qualitative methodology which is an advancement on the traditional means of researching into this area. Qualitative methodology is adopted with an interpretive paradigm to understand how the CM and TPLP work together to achieve mutual benefit. By adopting such a qualitative approach, the investigation in this study is more holistic, and the fact that both sides of the logistics partnership are involved allows for an even deeper explanation of the research phenomena as both perspectives are given. In previous studies, researchers have mostly explored the issues of interest to them from one perspective only, either the buyer or the provider. In this one, however, the unit of analysis in this research is a dyadic relationship which provides a holistic and detailed explanation. This was achieved by analysing the CM and TPLP as one pair (see Chapters Four, Five and Six), and thereby allowing the researcher to validate and cross-check the information, and to draw meaningful conclusions. At the same time, by taking a qualitative (and particularly, case study) approach, the researcher was able to make some observation and collect some documents to validate and triangulate the data.

It is acknowledged that the use of computer software, NVivo 9 in this research increases the robustness of the research. At the same time, the trustworthiness issue is dealt with by reference to four main criteria, i.e. credibility, transferability, dependability and conformability. The transferability criteria embedded in this research allows the findings to be applied to other contexts.

### **7.2.3 Contribution to Policy and Practitioners**

The most significant contribution to the practitioner from this research is the provision of a model of the LPS which can be used by both the CM and TPLP as a guide that will help them to manage their working relationships, with a view to ensuring their success. A second contribution for practitioners (CM and TPLP) lies in the fact that they can use this finding (LPS model) as guidance in how to understand their partner, and to be aware of the success factors that are required to develop and sustain their relationships (see section 7.3).

This research also makes some contributions to the policy-makers. One of the important pieces of information that policy-makers should have, is the fact that the business relationship between the CM and TPLP is fundamental to the establishment of a long-term relationship that will help both parties to achieve mutual benefit, and that will ultimately benefit the national economy. Currently, government policy complicates the business relationship by impinging upon the TPLP's ability to deliver what has been agreed in the contract between the provider and the CM; for instance, TPLPs are reliant on road networks to provide their transportation service, yet on some occasions like the Eid celebration, lorries are not allowed to use the highways during festive occasions to avoid accidents with the public, and whilst this shows respect for the public, from business perspectives, this is an obstacle to efficiency and effectiveness. So too are fuel prices, and there are recommendations from the TPLPs for diesel fuel subsidies from the government in order to ensure they have the capability to remain competitive in the industry as fuel prices continue to increase. Both of these issues serve as barriers to quality service, and represent matters that policy-makers should consider.

### **7.3 Managerial Implications of the Result of the Research for CM and TPLP Managers to Implement the Findings**

From this research, the researcher would suggest that the CM and TPLP follow the framework in Section 7.3.1 and Section 7.3.2 as a guideline to improve and enhance their partnership. This framework is a guideline document for CM and TPLP that would be applicable for them to be aware of and follow if they want to make sure their working relationship is successful.

#### **7.3.1 A Framework to CM**

In order to have a successful logistics partnership between CM and TPLP, both parties need to recognise operational and relational factors that could influence their relationship. The factors below represent operational and relational factors that could influence the relationship.

##### **Operational**

- Logistics Service Performance (LSP)

From the research, the highest evaluation index is identified as 4.0 and the TPLP involved in this research obtained a score below this index. According to the World Bank Logistics Index, the Malaysia Logistics Performance Index is approximately 3.44, which is lower than Singapore (4.09), and UK (3.95), but higher than Thailand (3.29), the Philippines (3.14), Vietnam (2.96) and Indonesia (2.76). This index shows that Malaysia is better than other South East Asia countries such as Indonesia and Thailand. However, based on current research findings, this partnership between CM and TPLP could be enhanced if the TPLP could ensure they could achieve higher logistics performance with the fulfilment of the key parameters such as ensuring the delivery time, product quality, sufficient car carriers, follow the route and fulfil urgent delivery. In order to ensure that they could fulfil these parameters, the CM needs to ensure that all these parameters are included in their contract with the TPLP. Therefore, the TPLP would have accurate expectations from the CM that need to be fulfilled. This might help to improve their working relationship in order to have a successful partnership.

- Investment

The CM should inform the TPLP what kind of investment they are expecting from the TPLP to improve the TPLP's logistics performance. For instance from this research, in the automotive industry the CMs are expecting their TPLP to invest in car carriers and also GPS systems. Some emphasise that the IT system used between them could ease their communication. This would help them to talk in one language. To make sure this could be applied, the CM should put this in the contract and discuss with their TPLP.

- Information Technology and Communication

The CM should explain and tell their TPLP communication is important and the use of IT such as using the same communication system could improve their working relationship.

- Information Sharing

The CM also needs to tell their TPLP what kind of information they need to share and the CMs also need to make sure that they know what kind of

information the TPLP needs. For instance, from this research, information like sales forecast and load planning are vital to enhance the logistics partnership between CM and TPLP.

- Price of the Logistics Service

The CM should be concerned about their TPLP logistics costs as the logistics is very high causing stress to the TPLP if they cannot maintain their operation due to the high cost. Therefore, the CM needs to ensure the price that they pay to their - TPLP is competitive and does not burden the TPLP.

### **Relational Factors**

From the findings, it could be concluded that the relational factors, below, are also important to harmonise and enhance logistics partnership between CM and TPLP. Below are the guidelines on relational factors for the CM.

- Trust

Trust could be established between the CM and TPLP from their experience. For example, regarding the price, if the CM cares about the TPLP, their constraints and the high logistics cost, it develops trust towards the CM.

- Commitment

CM commitment also important to enhance the partnership as this would show to the TPLP that the CM does what has been agreed between them in the contract. For example, pay the TPLP within the agreed time.

- Power

The wrong use of power could negatively influence the partnership as the TPLP would think the CM, as a customer, could easily use their power to decrease the price, for example, or to terminate the contract without giving a warning.

- Dependency

Both parties are inter-dependent and the CM needs to know this. Without TPLP, they cannot perform their logistics activities.

- Conflict

If there is any problem with the TPLP, the CM should discuss and solve the problem with prudent and sensible suggestions to avoid any conflict in order to harmonise the relationship.

- Cooperation

Cooperation between both parties is vital and the CM needs to show their cooperation through toleration if there is any problem with the TPLP.

- Understanding

The CM needs to understand the problem that their TPLP is facing, for example, in terms of fuel price increases. The CM should put this in the contract, for example, if the price is going up at any time, they could revise their price in the contract.

- Sentiment

The CM also needs to know if their TPLP is from the MNC or local, the issue of sentiment might occur and could influence the relationship. Therefore, the CM needs to be aware of this factor.

- Informal Activity

The CM sometimes should spend their time with their TPLP since informal activity could harmonised their partnership indirectly. For example, having sports activities together.

### **7.3.2 A Framework to TPLP**

The guidelines below are for the TPLP and the bullets represent operational and relational factors that could influence the success of the relationship between CM and TPLP.

#### **Operational Factors**

- Logistics Service Performance

The TPLP should fulfil what has been stated in the contract in term of key parameters under LSP that they need to perform. The TPLP also has to minimise

their failure to fulfil the LSP if they want to enhance their partnership with the CM. The TPLP needs to be aware that the CM is expecting them to make investment in car carriers as the sales of the CM is increased and the CM's production is expected to grow from year to year. The CMs are expecting that TPLPs could provide the same number of car carriers as they promised in the contract. With having sufficient car carriers, the CM would feel secure that they do not have any problem with their TPLP in making sure that their cars could be delivered on time to their customer. Besides, the TPLP also needs to ensure the quality of the car they are transporting is as they received from the CM when it gets to the customer. The TPLP also needs to perform urgent delivery and be ready if the CM asks and also the TPLP needs to follow the route that the CM fixed to avoid any risk such as scratches to the cars (for example from roads with overhanging trees).

- Investment

The TPLP needs to invest in car carriers for certain periods and also to invest in IT systems such as using the same communication system with the CM to ease their communication. Also TPLPs have to make sure that all their car carriers are fully equipped with GPS system.

- IT and Communication

The TPLP needs to be aware that sometimes they need to follow the IT used by the CM to communicate easily.

- Information Sharing

The TPLP should know what kind of information the CM needs from the TPLP to ease their operation and planning for example; load planning from the TPLP. The CM would like to know how many cars could be out for one delivery with the capacity of car carriers that the TPLP has.

- Price of the Logistics Service

The TPLP has to discuss with their partner, the CM, if they think that the price that the CM pays them is low or not enough. If not, the CM would not know why they need a higher price. The TPLP should inform about the increase of the



car carrier price and fuel price for example. The TPLP must communicate about this issue with their CM.

### **Relational Factors**

- Trust

In order to develop and maintain the trust of CM to TPLP, the TPLP should fulfil and make sure their logistics performance is excellent and minimise the failure of delivery, for example.

- Commitment

The TPLP needs to show their commitment to the CM; for example, follow whatever instructions come from the CM for delivery and be able to work extra hours.

- Power

The TPLP has power in the relationship but needs to know that their customer, the CM has more power. The failure from the TPLP side to maintain their performance can make the CM use their power to penalise the TPLP.

- Dependency

The CM and TPLP are actually inter dependent on each other. The CM provides business to the TPLP and the TPLP provides asset for the CM, therefore the TPLP should help their CM to make sure the logistics activities of CM run smoothly as planned.

- Conflict

To avoid any conflict with the CM especially regarding their LSP, the TPLP has to ensure that the LSP is excellent and follow all that has been agreed in the contract

- Cooperation

The TPLP needs to show their cooperation with the CM, for example, allow the CM to learn about logistics that the CM did not know. For example, the CM wants to know about the calculation of the logistics cost.

- **Understanding**

The TPLP must also understand why the CM needs their logistics to be effective as it relates to the end customer and their car, as this is related to the company branding and image. Having low performance of logistics, customers satisfaction will decrease and give bad impact to the CM.

- **Sentiment**

The TPLP needs to understand that there might be a different culture between local CM and MNC and needs to know to handle their customer.

- **Informal Activity**

The TPLP should have some informal activity like sports activity with their CM as this could harmonise the partnership even though this is not be the main factor that could ensure the successful partnership between CM and TPLP. Nevertheless, it helps to harmonise indirectly.

To conclude, through the guideline above, it could help both CM and TPLP understand each other and give them insight from the findings of this research to improve their working relationship. At the same time, this finding could be applied in another country or context which may include some modification of the model. This will be further discussed in next section.

#### **7.4 Applicability of the Findings in Other Countries**

The findings from this current research in Malaysian automotive provide several insights to the current situation of the working relationship with their TPLP. Other countries in Southeast Asia may face similar challenges like this case in Malaysia especially Thailand and Indonesia. Malaysia, Indonesia and Thailand are known as the top three market of the automotive industry in Southeast Asia (Bursa, 2009 – Asean automotive market). Therefore, the findings from this research might be applicable to other Southeast Asia countries especially Thailand and Indonesia. As suggested by Stock (1997), a strong theoretical foundation taken from various contemporary research, development and findings is potentially relevant to the examination of various logistics

issues in the other context and could be applied without having to undertake further and lengthy research.

For example, the findings of this research might be applicable to Thailand as a neighbour country. This is because Thailand is also regarded as one of the largest automotive industries in Southeast Asia like Malaysia (Yassin, 2009). However the difference is that Thailand is more focused on the export market, however Malaysia is more focused on the local market as Malaysia has its own national car makers (Wad, 2009). The findings from this case of Malaysia could be used as a reference to Thailand to understand further their working relationship with their provider in the global context even though they might have some difference or opportunity for improvements.

Based on current study in Malaysia, it could also be a guideline in establishing strategies for another top automotive market in Southeast Asia, Indonesia since there is an increase on the number of car sales in Indonesia. The increase of car sales means an increase in the production and the use of logistics providers to perform distribution activity. Hence, the findings from this current research could be used to restructure or improve their working relationship with the logistics provider in order to achieve their target and have a successful win-win relationship.

## **7.5 Limitations of the Research**

In this research, there are a number of limitations that can be viewed as indications for new studies in the context of supply chain relationships. One such limitation is the fact that Malaysia is a unique country which consists of multiple races and religions, so the workers in each industry come from many types of cultural background, and consequently the samples in the research were diverse, not forming a homogeneous group. Indeed, provided that individuals were taking care of logistics and opted to answer the interview questions, the researcher was happy to interview them. It might, however, be interesting to try to isolate cultural variables and to observe the effects of Asian cultures to the relationship success. Another limitation relates to the sampling in the study, in as much as the research is based on gaps found in the literature, and the focus is only on one industry, namely, the automotive industry. In order to gain a more holistic understanding of the logistics partnerships in each industry, more research is

necessary that allows for comparisons between Western and non-Western contexts and comparisons between industries. Thirdly, the cultural factors that influence business relationships are known to create feelings of sentiment and to also affect the success of any partnership. These limitations are opportunities for further exploration as recommended in the following section. Fourthly, there is no examination in this research of the inter-relationship between the operational and relational factors, and the outcome of the relationship, and that stands as a limitation that might be addressed by future research.

## **7.6 Recommendations for Future Research**

The limitations outlined above create the following research opportunities:

- i. The framework was applied and revised in the context of developing countries; therefore, examining and testing it in different contexts will validate the findings and confirm the reliability of the framework.
- ii. Comparison of the Western and non-Western context of logistics partnerships or with different industries can create a deeper and a bigger picture of this issue and enhance the theory of supply chain relationships.
- iii. The factors of the price of logistics services, which are related to government taxation policies, and fuel prices which are also under government control were not explored in any way, yet did emerge in the interviews as important influences. Therefore, future research should address these obstacles to logistics partnership success, because in this study the influence of government did not feature as a definite avenue of questioning.
- iv. The issue of branding with regard to the TPLP or in the logistics context generally, is worthy of research attention, as it is believed that it has an association between these two constructs, as confirmed by the interviewees.
- v. To issue of culture which is significant, and its effect upon logistics relationships should be investigated.
- vi. The inter-relationship between each factor (inter-relational analysis) was not considered in this study, and hence there is a recommendation for future research to explore this, using for example, pair-wise evaluation, repertory grid causal analysis, and thematic analysis

## **7.7 A Knowledge Based Logistics Service Provider (4PL)**

In this conclusion chapter, the researcher would like to give a view regarding 4PL since in Western countries, the practice now, no longer involves contracts with TPLP, but 4PL which could help the manufacturer to have an effective logistics or supply chain.

In recent years, the term 4PL has emerged to describe more advocated contracting arrangements. Van Hoek and Chong (2001) define 4PL as a supply chain service provider that participates rather in supply chain co-ordination than operational services. This is highly information based and co-ordinates multiple asset based aspects on behalf of its client. Another source defines 4PL as a consulting firm specializing in logistics, transportation and supply chain management. According to Craig (2003) there is a difference between third party logistics providers (TPLP) and fourth party logistics providers (4PL). 4PL refers to a consultant not an operator. However, the TPLP own part of its operations such as warehouses, vans or trucks (Craig, 2003). The main difference between a TPLP and 4PL is whether they are assets based or non-asset based (Bowersox *et al.*, 2010).

As the evolution of the logistics provider from TPLP to 4PL in Malaysia has not really taken place yet compared to the West, the experience from developed countries (Western countries) could be a reference to this developing country, Malaysia. In another words, based on these findings, the researcher believes that once the logistics industry in Malaysia has a sufficient infrastructure such as advanced IT systems and road networks, this can actually lead the logistics provider to provide a knowledge based service. At the present time, what they do is manage the TPLP. For instance, the CM can simply contract with a 4PL and the 4PL, as the knowledge based provider, will act as a consultant to the CM. What they do is they find the necessary TPLP for the CM to undertake the transportation on behalf of CM. The CM only needs to communicate with the 4PL rather than the TPLP. This would help the CM to gain more efficiency in their logistics activity as the 4PL acts as a consultant to them to achieve effective logistics.

## 7.8 Conclusion

As a conclusion, Table 7.2, below, shows where objectives one to four in this research are achieved.

**Table 7.2:** Research Objective and Achievement Evidence

<b>Research Objective</b>	<b>Achieved</b>	<b>Evidence in Chapter</b>
To understand the nature of the logistics partnership across multiple distribution (delivery) channels via a review of the literature	Yes	Chapter Two
To identify what the contributing factors and outcomes are in the logistics partnership (between CM and TPLP) through data collection.	Yes	Chapters Three and Four
To evaluate operational, relational and outcome factors in the logistics partnership (between CM and TPLP) through analysing the data collected across the dyad.	Yes	Chapter Five
To develop a model on successful logistics partnership between CM and TPLP by linking on the contributing factors and the outcome as a result of the empirical data analysis.	Yes	Chapter Six

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## APPENDIX A: MALAYSIA Country – Research Context

Automotive manufacturing in Malaysia could be traced back to the 1980s when the first assembly and production plant opened, since which time the industry has achieved significant milestones, including the establishment of Proton which brought rapid industrial evolution in the 1990s. From this time also, the logistics industry which is categorised as part of the service sector in Malaysia, began to develop, supported by the Malaysian Logistics Council (MLC) established by the government under its Third Industrial Master Plan (IMP3) as a focal point for the overall co-ordination of policies, strategies and regulations for the further development of the logistics industry. Under this Industrial Master Plan 3 (IMP3), the logistics industry is targeted to grow by 8.6% during the plan period (2006-2020) and is projected to contribute 12.1% to the country's gross domestic product by 2020.

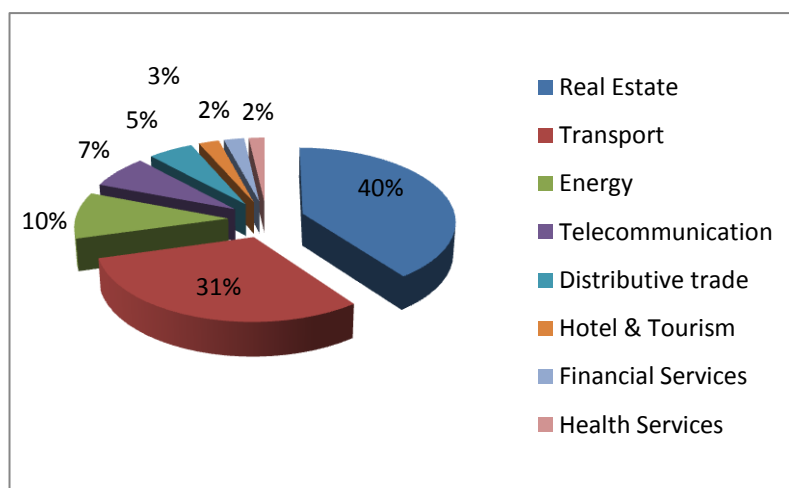
In fact, the Malaysian government is also co-operating with the private sector on issues relating to regulations, procedures and infrastructure in order to help the logistics sector to perform well. Furthermore, the government is committed to lowering the costs of logistics in order to maintain Malaysia's competitiveness as a trading nation. Actually, the services sector is expected to register an annual growth rate of 7.5% during the IMP3, which sets out the development plan for the service sector for the period 2006-2020. The contribution of the service sector to GDP by 2020 is expected to be around 59.7%. Targeted investments in this sector are worth RM688 billion (RM45.9 billion per year). Within the IMP3, eight sub-sectors for further development have been identified in the light of their potential for greater global integration and exports, one of these areas being transport which includes the logistics industry. Total approved investments in the services sector in 2007 was RM65.4 billion, an amount which greatly surpassed the investment target for the sector under the IMP3 (RM45.8 billion per annum). Domestic investments totalled RM54.6 billion, while foreign investments amounted to RM10.8 billion. Major investments in Malaysia are presented in below table A and figure A.

**Table A:** Major Investment by Sub-sectors in Malaysia

<b>Sub-Sector</b>	<b>Major Investment (MYR Billion)</b>
Real Estate	21.6
Transport	16.7
Energy	5.5
Telecommunications	3.9
Distributive Trade	2.9
Hotel & Tourism	1.3
Financial Services	1.3
Health Services	1

Source: MIDA (2007)

**Figure A:** The Percentage of Major Investment by Sub-sector in Malaysia



Source: MIDA (2007)

Malaysian automotive industry began in 1960s. At that time the majority of cars in the country were imported in the CBU (complete build-up unit) form, but in 1963, through the recommendation of the Colombo Plan experts, the government began to encourage the establishment of the country's own automotive industry. Indeed, the policy of encouraging automobile assembly and the manufacture of components parts was announced in May 1964.

The next stage of the development in the automotive industry was marked by the launch of the National Car Project, Perusahaan Automobil Nasional (Proton) in 1984. This project was conceived in order to guide the automotive industry towards increasing the level of technology and the development of the industry's intellectual property. The PROTON project, which was a joint-venture programme with Mitsubishi Motors Corporation of Japan, began its production with the PROTON 'Saga' model in 1985; and given the relationship, i.e. integrated manufacturing facilities promoting industrial linkage and the emergence of a national brand, the project attracted preferential tax and duty rates. After the success of the first national car company, Perusahaan Otomobil Kedua Sdn Bhd (PERODUA) was established in October 1992.

## APPENDIX B: Process of Building Theory from Case Study Research

Step	Activity	Reason
Getting Started	Definition of research questions Possibly a priori construct	Focuses efforts Provides better grounding of construct measures
Selected Cases	Neither theory nor hypotheses Specified populations  Theoretical, not random, sampling	Retains theoretical flexibility Constraints extraneous variation and sharpens external validity Focuses effort on theoretically useful cases. Eg. Those that replicate or extend theory by filling conceptual categories
Crafting Instruments and Protocols	Multiple data collection method  Qualitative and quantitative data combined Multiple investigators	Strengthens grounding of theory by triangulation of evidence Synergistic view of evidence Fosters divergent perspectives and strengthens grounding
Entering the Field	Overlap data collection and analysis, including field notes  Flexible and opportunistic data collection methods	Speeds analyses and reveals helpful adjustments to data collection Allows investigators to take advantage of emergent themes and unique case features
Analyzing Data	Within-case analysis  Cross-case pattern search using divergent techniques	Gains familiarity with data and preliminary theory generation Forces investigators to look beyond initial impressions and see evidence thru multiple lenses
Shaping Hypotheses	Iterative tabulation of evidence for each construct Replication, not sampling, logic across cases Search evidence for “why” behind relationships	Sharpens construct definition, validity and measurability Confirms, extends and sharpens theory Builds internal validity
Enfolding Literature	Comparison with conflicting literature  Comparison with similar literature	Builds internal validity, raises theoretical level, and sharpens construct definition Sharpens generalizability, improves construct definition and raises theoretical level
Reaching Closure	Theoretical saturation when possible	End process when marginal improvement becomes small

Source: Eisenhardt (1989)



## APPENDIX C: Phase One Interview Questions

### Questions for the Car Manufacturers

No	Questions	Codings/ Factors
1.	The logistics and marketing literature suggest that the success of any company today is now not dependent on the product offered, but the relationship with their partner. There is an increased recognition that firms need to build and manage a closer or long-term relationship with their working partner (Golicic and Mentzer, 2006). Do you agree with this statement? Why? – please give your reason	Introduction
2	Could you please tell me a little bit about the competition in your sector and what drives competition nowadays?	Introduction
3	Could you please describe: Current structure of your distribution channel (for delivery purpose), the objective of using TPLP, and describe your relationship with your key TPLP at the moment?	Introduction
4	How do you evaluate the logistics performance of your specified Third Party Logistics Provider and how it affects your partnership with TPLP?	Operational
5	What are the factors that are related to logistics performance?	Operational
6	What is the most important factor in logistics performance that you think is needed for the success of the buyer-TPLP relationship success?	Operational
7	Are you satisfied with the transportation services provided by TPLP and how do you think this performance will benefit or affect your organisation? Please give details.	Operational
8	What is the main problem with your specified TPLP at the moment? – In terms of logistics performance, what significantly worries you? Can you explain why in detail?	Operational
9	Is the investment factor important for the success of your relationship with TPLP? – could you please explain how your partner is willing to invest?	Operational
10	How do you think this logistics performance will affect the success of your relationship with TPLP? Can you please explain?	Operational
11	From your point of view, what do you think a TPLP can do to help you effectively manage logistics in terms of delivery?	Operational
12	What other factors related to logistics performance is affecting the success of your relationship with TPLP?	Operational
13	How do you communicate with your TPLP? Are you using any IT systems to ease your communication?	Operational
14	Does communication using IT systems affect the efficiency of logistics performance? How does it relate, can you explain?	Operational
15	Do you share the information with your TPLP? What is the limit of and how do you think information sharing can help you achieve your goals and benefits you and your TPLP?	Operational
16	How do you think this information sharing will affect the success of the relationship with your TPLP?	Operational
17	How do you think information sharing will improve logistics performance?	Operational
18	How do you think trust could affect the logistics partnership between you and your partner, TPLP? Could you explain how do you develop trust?	Relational
19	How far do you think your TPLP gives its full commitment to your company? Can you explain and give me an example how it affects the relationship?	Relational

No	Questions	Codings/ Factors
20	How dependent do you think your company is on your key TPLP? Please explain.	Relational
21	Does the dependency factor create conflict in your relationship with TPLP? Who is more dominant in this relationship and has more power in this relationship?	Relational
22	Who has more power in this logistics partnership and does it affect the success of partnership between you and CM?	Relational
23	Are there any other relational factors that you think will affect your relationship with TPLP?	Relational
24	How do you think these relational factors will affect your relationship with TPLP?	Relational
25	Do you have any conflict with your partner so far, does it affect your relationship? Could you please explain?	Relational
26	Does unsatisfactory (below expectation) logistics performance provided by TPLP cause conflict in the relationship? Give details.	Relational
27	Do you have any other issue related to relational factors to add?	Relational
28	How do you define success in your relationship with your Third Party Logistics Provider (TPLP)?	Outcome
29	What are the benefits that you gain from your relationship with TPLP? Can you categorise them?	Outcome
30	How do you think buyer-TPLP relationship success will affect your firm performance?	Outcome
31	What are the other outcomes/benefits you think are related with this success?	Outcome
32	How do you think the success of your relationship with TPLP will help other stakeholders?	Outcome
33	How do you think the government can help to support your relationship with TPLP?	Outcome
34	The interviewer will summarise the key points of the interview. In addition, the interviewer will ask the respondent to comment on the addition issue:  -What do you hope for in your relationship with TPLP/ Buyer? -What do you think are other issues related that have not been covered in this session? What would you like to add? -Do you have any other issues to comment on or to add for my information or for future research? Do you want to suggest anything to the policy maker (government) in order to help you and your partner work successfully?	Conclusion

#### Questions for the Third Party Logistics Provider (TPLP)

No	Questions	Codings/ Factors
1.	The logistics and marketing literature suggest that the success of any company today is now not dependent on the product offered, but the relationship with their partner. There is an increased recognition that firms need to build and manage a closer or long-term relationship with their working partner (Golicic and Mentzer, 2006). Do you agree with this statement? Why? – please give your reason	Introduction
2	Could you please describe: Current structure of your buyer in the automotive industry (please describe your relationship with specific car manufacturer at the moment)?	Introduction
3	Could you please tell me a little bit about the competition in your sector and what drives competition nowadays?	Introduction

No	Questions	Codings/ Factors
4	How do you evaluate the performance of your logistics services that you provide in terms of delivery/ transportation purpose? How does it affect your partnership with CM?	Operational
5	What are the factors related to logistics service performance?	Operational
6	What is the most important factor in logistics service performance that you think is needed for the success of your relationship with your partner?	Operational
7	How do you think logistics performance provided by your company will benefit the car manufacturer? If the performance is better than expected, how does your company benefit?	Operational
8	What is the main issue in logistics service performance that worries you and need attention or improvement? What is the biggest complaint that you received from your buyer?	Operational
9	Is the investment factor important for the success of your relationship with CM? – could you please explain how your partner is willing to invest?	Operational
10	How do you think this logistics performance will affect the success of your relationship with your buyer? Can you please explain?	Operational
11	From your point of view, what do you think TPLP can do to help you effectively manage logistics in terms of delivery?	Operational
12	What other factors related to logistics performance is affecting the success of your relationship with CM?	Operational
13	How do you communicate with your TPLP? Are you using any IT system to ease your communication?	Operational
14	Does communication using IT systems affect the efficiency of logistics performance? How does it relate, can you explain?	Operational
15	Do you share the information with your TPLP? What is the limit of and how do you think information sharing can help you achieve your goals and benefits you and your TPLP?	Operational
16	How do you think this information sharing will affect the success of the relationship with your TPLP?	Operational
17	How do you think information sharing will improve logistics performance?	Operational
18	How do you think trust could affect logistics partnership between you and your partner, CM? Could you explain how do you develop trust?	Relational
19	How far do you think your CM gives its full commitment to your company? Can you explain and give me an example how it affects the relationship?	Relational
20	How dependable do you think your partner is to your company? Please explain?	Relational
21	Does the dependency factor create conflict with your partner? Who is more dominant in this relationship and has more power in this relationship?	Relational
22	Who has more power in this logistics partnership and does it affect the success of partnership between you and CM?	Relational
23	Are there any other relational factors that you think will affect your relationship with your partner?	Relational
24	How do you think these relational factors will affect your relationship with CM?	Relational
25	Do you have any conflict with your partner so far, does it affect your relationship? Could you please explain?	Relational

<b>No</b>	<b>Questions</b>	<b>Codings/ Factors</b>
26	Does unsatisfactory logistics performance provided by your company cause conflict in the relationship? Give details?	Relational
27	Do you have any other issues related to relational factors to add?	Relational
28	How do you define success in your relationship with your buyer?	Outcome
29	What are the benefits that you gain from your relationship with your buyer? Can you categorise them?	Outcome
30	How do you think buyer-TPLP relationship success will affect your firm performance?	Outcome
31	What are the other outcomes/benefits you think are related with this success?	Outcome
32	How do you think the success of your relationship with car manufacturers will help other stakeholders?	Outcome
33	How do you think the government can help to support your relationship with car manufacturers?	Outcome
34	<p>The interviewer will summarise the key points of the interview. In addition, the interviewer will ask the respondent to comment on the addition issue:</p> <ul style="list-style-type: none"> <li>- What do you hope for in your relationship with the Car Manufacturer?</li> <li>- What do you think are other issues related that have not been covered in this session? What would you like to add?</li> <li>- Do you have any other issues to comment on or to add for my information or for future research?</li> </ul> <p>Do you want to suggest anything to the policy maker (government) in order to help you and your partner work successfully?</p>	Conclusion

## APPENDIX D: Phase Two Interview Questions (Empirical)

### Revised Interview Questions for Car Manufacturer (CM)

No	Questions	Codings/ Factors
1	Do you agree with the statement “the success of any company today is now not dependent on the product offered, but the relationship with their partner, thus firms need to build and manage closer or long term relationships”? Why do you think a logistics partnership is important?	Introduction
2	How do you think logistics service performance could affect the success of logistics partnership between you and your partner, TPLP? (Could you please specify what are they?)	Operational
3	What is the most important factor in logistics performance that you think is needed for the success of your relationship with your partner?	Operational
4	What is the main issue in logistics performance that worries you / your partner and needs attention for improvement?	Operational
5	How do you think investment is important for logistics partnership success (Why; could please give me an example the type of investment)?	Operational
6	How do you think IT systems use could affect your communication and the success of your relationship with your partner, TPLP (why and what are they, please give an example)?	Operational
7	How about information sharing? How do you think it will affect the success of your logistics partnership (what kind of information sharing is important in logistics partnership, please explain)?	Operational
8	What are the other soft (relational) factors you think will affect your relationship with your partner? –	Operational
9	How do you think trust could affect success in your relationship with your partner, TPLP? (How do you develop your trust with your partner?)	Relational
10	How dependent do you think your company is on your partner and is there any affect to your relationship with your partner?	Relational
11	Who is more dominant in this relationship – you or your partner? Who has more power and how does this factor affect your relationship (could you please give me an example)?	Relational
12	How important do you think commitment is in the relationship? How about your partner, TPLP, do you think your partner shows their commitment?	Relational
13	How do you think conflict could affect the success of your relationship with your partner, TPLP? (Could you give an example?)	Relational
14	What are the other soft (relational) factors you think will affect your relationship with your partner?	Relational
15	How do you define success in the logistics partnership? Could you please explain?	Outcome
16	What are the benefits you gain in your logistics partnership with your partner? Can you categorise them and explain?	Outcome
17	Do you want to add any issue that possibly limited your benefit in the partnership? Possibly from other stakeholders?	Outcome
18	What is your hope for your relationship with your partner?	Closing / Conclusion

No	Questions	Codings/ Factors
19	Would you like to add any issues which I have not covered during the interview? Or possibly you want to suggest anything to the policy maker (government) to help you and your partner works successfully?	Closing / Conclusion

#### Revised Interview Questions for Third Party Logistics Provider (TPLP): Main Empirical Questions

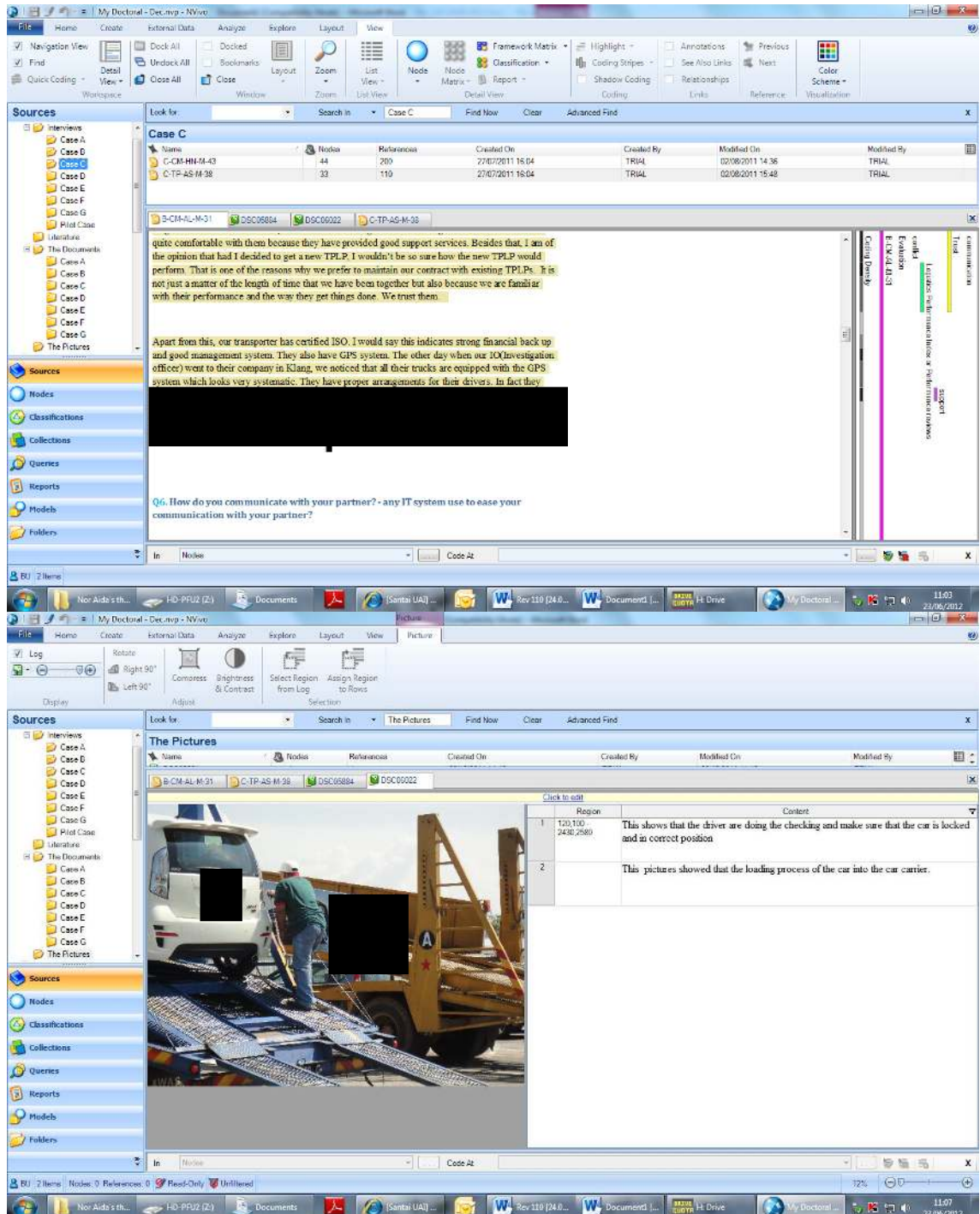
No	Questions	Codings/ Factors
1	Do you agree with the statement “the success of any company today is now not dependent on the product offered, but the relationship with their partner, thus firms need to build and manage closer or long term relationships”? Why do you think logistics partnership is important?	Introduction
2	How do you think logistics service performance could affect the success of logistics partnership between you and your partner, CM? (Could you please specify what are they?)	Operational
3	What is the most important factor in logistics performance that you think is needed for the success of your relationship with your partner?	Operational
4	What is the main issue in logistics performance that worries you / your partner and needs attention for improvement?	Operational
5	How do you think investment is important for logistics partnership success (why, could please give me an example the type of investment)?	Operational
6	How do you think IT systems use could affect your communication and the success of your relationship with your partner, CM? (Why and what are they, please give an example?)	Operational
7	How about information sharing? How do you think it will affect the success of your logistics partnership? (What kind of information sharing is important in logistics partnerships, please explain?)	Operational
8	What are the other soft (relational) factors you think will affect your relationship with your partner?	Operational
9	How do you think trust could affect the success in your relationship with your partner, CM? (How do you develop your trust with your partner?)	Relational
10	How dependent do you think your company to your partner and is there any affect to your relationship with your partner?	Relational
11	Who is more dominant in this relationship – you or your partner? Who has more power and how does this factor affect your relationship (could you please give me an example)?	Relational
12	How important you think commitment is to the relationship? How about your partner, CM, do you think your partner shows their commitment?	Relational
13	How do you think conflict could affect the success of your relationship with your partner, CM? (Could you give an example?)	Relational
14	What are the other soft (relational) factors you think will affect your relationship with your partner?	Relational
15	How do you define success in the logistics partnership? Could you please explain?	Outcome
16	What are the benefits you gain in your logistics partnership with your partner? Can you categorise them and explain?	Outcome
17	Do you want to add any issue that possibly limited your benefit in the partnership? Possibly from other stakeholders?	Outcome

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<b>No</b>	<b>Questions</b>	<b>Codings/ Factors</b>
18	What do you hope for in your relationship with your partner?	Closing / Conclusion
19	Would you like to add any issues which I have not covered during the interview? Or possibly you want to suggest something to the policy maker (government) to help you and your partner work successfully?	Closing / Conclusion

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## APPENDIX E: NVivo 9





## APPENDIX F: Ethics Letter



### **Brunel Business School Research Ethics Participant Information Sheet**

**1. Title of Research: The Car Manufacturer (CM) and Third Party Logistics Provider (TPLP) Relationship in the Outbound Delivery Channel: A Qualitative Study of the Malaysian Automotive Industry.**

**2. Researcher:** Nor Aida Abdul Rahman, Doctor of Philosophy – Supply Chain Management, Brunel Business School, Brunel University West London.

**3. Contact Email:** [cbpgnaa@brunel.ac.uk](mailto:cbpgnaa@brunel.ac.uk)

**4. Purpose of the research:** To understand how two main factors, namely, operational and relational factors influence improve the working relationship and success of this relationship; and also identify the outcome or benefit gained from both parties as a result of a win-win situation in a such relationship.

**5. What is involved:** The interview is based on a one to one basis. The interview will take about 60 minutes to complete per session and will be recorded. However, the participants have the right to deny a voice record. Besides that, the interviewee will be informed that the name of their company will be kept anonymous for confidentiality and the use of data gathered from their companies will only be used for research purposes. During each interview, the interviewer will firstly provide explanations about objectives of the research to the respondent. The interview will start with a general question, followed by the main questions. After that, the researcher will seek any documents, memos or other materials related to support what has been discussed in the interview. Lastly, the interviewer thanks the respondent (interviewee) for their kind cooperation and valuable time. The interviewer also tells the respondent that they can further communicate by phone or email if there any queries on this matter later.

**6. Voluntary nature of participation and confidentiality.** The researcher will give a letter of ethics from Brunel University. As mentioned above, the researcher will inform the respondent that the name of the organisation will be kept anonymous for confidentiality.