The impact of logistics service quality (LSQ), relationship marketing (RM) and relationship power (RP) on customer satisfaction in the Jordanian third party logistics (3PL) industry from customers' perspective.

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This research was undertaken under the auspices of [London school of commerce]

Submitted in partial fulfilment for the award of the degree of Doctor of Business Administration (DBA)

University of Wales Trinity Saint David

2019

Abstract

Logistics Service Quality (LSQ), Relationship Power (RP) and Relationship Marketing (RM) are regarded as the most important criteria leading to customer satisfaction in the third-Party Logistics (3PL) industry. This research investigates the impact of trust and commitment as the major relationship marketing constructs used to examine the quality of relationship between the 3PL provider and the 3PL customer, namely business-to-business context. Also, the study explores the effect of coercive power and reward power as the major dimensions of relationship power on customer satisfaction. In addition, the study investigates the effect of ordering procedures and personnel contact quality as the main variables of logistics service quality on customer satisfaction. The objectives of this study are to investigate the effects of personnel contact quality, ordering procedures, trust, commitment, coercive power and reward power on customer satisfaction in the third-party logistics industry in Jordan.

A quantitative approach has been conducted in this study, using questionnaires to collect data from 243 third-party logistics customers in Jordan. The findings of the research indicate that there is a positive relationship between relationship marketing (trust, commitment) and customer satisfaction in the Jordanian third-party logistics industry. The same goes for logistics service quality (personnel contact quality, ordering procedures). For the relationship power, the results demonstrate that reward power has a positive impact on customer satisfaction, whereas there is a negative relationship between coercive power and customer satisfaction. The dimensions of relationship marketing (trust and commitment) have the strongest impact on customer satisfaction in the third-party logistics market in Jordan and it is followed by reward power. The study contributes to knowledge as it is the first study that explores the effect of relationship power on customer satisfaction in the third-party logistics industry. The managerial implications resulting from this study are beneficial to practitioners willing to work in the third-party logistics in Jordan or those working currently in this industry in Jordan.

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Acknowledgements

First of all, I am indebted to my supervisor, Professor Paul Reynolds for his support and encouragement because this dissertation would not have been possible without his guidance and advice. Also, I would like to thank Swedish Student Aid (CSN) for making a student loan available for me to complete this study. I am grateful to Eng. Abdullah Jbour, the executive manager of Jordanian logistics association, for helping me with collecting data.

Table of Contents

List of Tables………………………………………………………………………

List of Figures……………………………………………………………………

List of Abbreviations……………………………………………………………………

3PL	**Third-party logistics**
3PL customer / user	**Third-party logistics customer /user**
3PL provider	**Third-party logistics provider**
B2B	**business-to-business**
C	**Commitment**
CFA	**Confirmatory factor analysis**
CFI	**Comparative fit index**
CP	**Coercive power**
CS	**Customer satisfaction**
FTA	**Free trade agreement**
IRM	**International relationship marketing**
LSQ	**Logistics service quality**
OP	**Ordering procedures**
PCQ	**Personnel contact quality**
RAMSEA	**Root square error of approximation**
RM	**Relationship marketing**
RP	**Relationship power**
rp	**Reward power**
T	**Trust**
TLI	**Trucker Lewis index**
UWTSD	**University of Wales Trinity Saint David**

Chapter One: Introduction

1.1-Introduction

This chapter reflects the research topic and the theoretical foundation of the study. The chapter reveals the motivation for conducting the study and the impact of Logistics service quality (LSQ), relationship power (RP), and relationship marketing (RM) on customer satisfaction in the third-party logistics (3PL) industry in Jordan. It includes the background of the study. Next, the research gives insights into the third-party logistics industry in Jordan, then the research problem, motivations of the study, the significance of the study, the aim of the research, the objectives of the research, and the research questions. After that, the study focuses on the scope of the study and the structure of the study.

1.2-Background of the research

The problem of marketers is that they underestimate the importance of logistics in achieving the company's strategic goals. They focus largely on the first three parts of the marketing mix, namely product, price, and promotion without paying a great deal of attention to the fourth part of the marketing mix 'place'. This is because this item is seen as a cost generator. To make the marketing strategy succeed, the company should not focus only on the product, price, and promotion, but the firm must also concentrate on logistics; that means place as well. Logistics encompasses the service component of a product which allows the firm to hold its existing customers who have already used the product and it plays a crucial role in attracting the new ones. Thus, it is an influential item that has a strong impact on customer satisfaction and the purchasing decision (Stank *et al.*, 1998).

The aim of logistics, place, is to help and supplement the marketing activity. Thus, efficient marketing should create high service quality and logistics service quality (LSQ) and these should be measured from marketing and logistics perspectives (Beniusiene and Patukiene, 2012). According to Daugherty *et al.*, (1998), a product can be replicated. So, the arena of service that means distribution has become a critical issue from the 1990s when the top management started paying attention to marketing and quality. Since then, many companies have become more aware of the fact that logistics capabilities are efficient methods in order to create differentiation. Regarding logistics, the capabilities lie in a company's ability to respond quickly to customers, the process of customer service and business behaviour. Individual companies are accustomed to placing specific capabilities that suit their competitive advantages and economic situations.

Customer satisfaction is the most critical differentiator used to evaluate the logistics services and it provides the company with information about how it operates and its ability to meet customers' needs (Lisinska-Kusnierz and Gsjewska, 2014). It is widely believed that customer satisfaction is the strongest factor leading to customer loyalty and literature has established a strong tie between customer satisfaction and customer loyalty. Also, there is an intense correlation between customer satisfaction and profitability. Consequently, each industry seeks to be a service industry because when the products become similar, the sellers incline to differentiate themselves by offering superior customer services. Based on the above, many companies aim to increase their capabilities related to distribution to increase their competitive advantages which are gauged through customer satisfaction with the provided service.

A firm with better levels of distribution service is expected to gain a higher level of customer satisfaction (Daugherty *et al.,* 1998). A lot of researchers have found that the service industry is increasing in importance over time. Furthermore, there are a lot of dissatisfied customers with their logistics service providers. Hence, the researchers and the logistics providers are concerned with ways in which customers can be well understood, to know how they perceive the quality of logistics services offered and how their perceptions translate into customer satisfaction (Chin *et al.,* 2013). Kilibarda and Andrejic (2012) state that the process of logistics services can be used for creating value for both the customer and the supplier. This is because the market share can be increased through service quality and customers can give their feedback. .Through logistics service, customer satisfaction and loyalty can be created. However, studies on logistics focused on stock levels and locations without paying a great deal of attention to customer satisfaction and quality.

According to Melovic *et al.*, (2015), the company can retain the existing customers and attract new clients through sufficient customer service that plays a big role in the company's quest for competitive advantage. It helps the company to distinguish itself from rivals. The definition and the purpose of logistics management are to deliver the right product at the right time in the right place in the right quantity. It should not pose a threat to the company's profitability. Thus, the cost of the customer service should be taken into account. Generally speaking, customer service produces two types of satisfaction to meet customers' needs. The first type is satisfaction with the product and the second one is satisfaction with the quality levels of customer service such as knowledge of personnel and the seller's kindness. Meidute-Kavaliauskiene *et al.*, (2014) mention that the relationship between the logistics service provider and its clients can last longer if the customer service offered by the provider is in line with the customers expectations in order to gain customer satisfaction. So, the logistics service providers' deeds and actions should focus on customers. From business-to-business perspective, Adebayo (2017) asserts that satisfaction is not confined to the quality of the product but also it extends to include the service-related dimensions as well.

Logistics service quality (LSQ) assesses the logistics service provider's ability to deliver the ordered products within the requested time at a reasonable cost, namely price (Bowesox *et al.*, 2002). LSQ is the foundation of any logistics project because LSQ determines the level of customer satisfaction with the logistics service provided. Consequently, LSQ determines the company's competitive edge over its rivals (Thai, 2013). The importance of LSQ stems from two reasons. The first reason is that LSQ is closely related to customer satisfaction and customer loyalty, both of which are not only connected with the product quality but also with the service-related dimensions that contribute to building up the shopping experience. The second one is that LSQ is evaluated by customers who compare LSQ with other economic and non-economic costs. So, decisions such as in-house logistics or outsourcing are made based on this comparison (Grant and Philipp, 2014).

The third-party logistics providers are interested to provide the customer with logistics services that meet his expectations. So, the service quality should be monitored, measured and improved (Tsai.2012). The majority of studies related to measuring logistics service quality (LSQ) are based on marketing studies (Kilibarda *et al.*, 2016). Ho *et al*., (2012) use the model of SERVEQUAL to study the effect of LSQ dimensions on the third-party logistics in Malaysia, the researchers analyse four dimensions of LSQ (timeliness, availability, condition of order, and quality of information). The results pointed out that these four dimensions affect customer satisfaction and condition of order is the most important factor affecting customer satisfaction. However, a lot of authors state that SERVEQUAL has shortcomings (Kilibarada and Andrejic, 2016).

The SERVEQUAL is the model used by Parasuraman (1988) to evaluate the service quality through the gap between the customers expectations and the customers perceptions after consumption. This model has a problem. The model cannot apply to many types of service industries. This is attributed to the fact that each service industry has its own dimensions of service quality. Hence, this may lead to disparate results. This goes for a service industry like logistics that concentrate on tangible objects such as damaged products and intangible objects like logistics service providers' personnel (Stank *et al.,* 2003).

Thai (2013) states that the development of logistics service quality has passed through two stages. Chin *et al.,* (2013) mention that the objective quality is where the process of service looks like manufacturing a product that has observable physical objects and attributes. These objects and attributes can be evaluated for adding value by the supplier. The second stage is the subjective quality where the evaluation transfers from suppliers to customers to make satisfaction as a global judgement.

Measuring service quality has developed through many stages but all the models have used the constructs resulting from a study performed by (La Londe and Zinszer, 1976). This study divided customer service into three parts: pre-transaction elements, transaction elements and post-transaction elements. La Londe and Zinszer, (1976). assert that customer satisfaction stemmed from these elements. The next set of researchers have used some of the elements or all of them in their studies.

The innovation and seminal work of Mentzer *et al.*, (2001) assert that the customer is more capable of evaluating the value created by logistics providers. They designed a model used to gauge logistics service quality. Chin *et al.*, (2013) state that Mentzer and his colleagues developed an LSQ model that contained relevant components of the LSQ through analysing components and contributions coming from other studies. The LSQ has nine components that are divided into technical components and functional components. The technical components are concerned with the service outcome, while the functional component is concerned with the process of delivery.

Third-party logistics providers are seeking to offer a lot of freight forwarding logistics services. Freight forwarding companies develop into logistics providers. These companies are operating under very strict market conditions (Shang and Lu, 2012). Freight forwarding companies aim to provide logistics services that meet customers expectations. The price is no longer a big factor to gain new customers and it is not guaranteed that the company can keep the existing customers by the price only. The quality of logistics services is a major component of profitability (Kilibarada and Andrejic, 2016). Also, a lot of studies on logistics have affirmed that there is a strong relationship between improving logistics service quality and increasing customer satisfaction (Juga *et al.*, 2010).

The third-party logistics provider is a company that provides outsourced logistics services to other companies for some activities or for their supply chain functions. They are specialised in transportation, warehousing and other services that can be scaled down or scaled up to the customers' requirements (Chin *et al.*, 2013).

Thai (2013) stresses that research on logistics service quality is concentrated on 3PL providers and suppliers, and there is a severe lack of research into logistics service quality from customers' assessments.

According to the theory of power and conflict between marketing channels, power is the influencer's ability to change in the influencee's behaviour (Simon, 1953). Wilemon (1972) defines power as a channel member which is capable of forcing another channel member to make a change in its behaviour in order to achieve the objectives of the channel member which exerts an effect over the other one. Wilkinson (1974) states that power can be considered as the company's ability to influence another company's behaviour and/or decision making. The last definition suits this study when the 3PL providers such as DHL and FedEx exerts power over 3PL users, namely companies that receive logistics services from the providers. In other words, in the business to business context.

Jonsson and Zeneldin (2003) state that any company is willing to establish an effective relationship with its suppliers. So, the company opts for some criteria related to its suppliers such as product quality and product availability. The outcome of this relationship is several elements such as power balance and conflict avoidance, customer satisfaction, and loyalty. The relationship management strategy should focus on the working relationship to make the customer satisfied and pleased since unsatisfied customers are expected to switch to other suppliers. Ganesan (1994) mentions that customer satisfaction is very important in relationships and satisfaction increases the cooperation between the channel members, customers and suppliers.

Sanzo *et al.,* (2003) define customer satisfaction as a relationship in a satisfactory state resulting from evaluating all the aspects of the relationship between a customer, the named company, and one other (the selling company or supplier). Anderson and Narus (1990, p.45) define it as “an effective state resulting from the appraisal of all aspects of a firm’s working relationship with another firm”.

Chowdhury (2012) states that trust in the business-to-business context comes as a result of communication and shared values, whereas commitment comes as a result of reputation and relationship termination costs.

Exercising power can happen in two ways. The first one is power bases such as coercive power, information power, reward power, referent power, expertise power and legitimate power. The second one is influence strategies such as threats, legalistic actions, requests, promises, recommendations and information exchange (Chang *et al.*, 2012). There is a consensus among authors and researchers that exercising power is broken down into coercive power and non-coercive power. Generally speaking, the consequence of non-coercive power will lead to customer satisfaction, whereas exercising coercive power will result in customer dissatisfaction (Huo *et al*, 2016).

Studies on relationship power in the context of logistics are lacking while there is a need to shed light on this topic (Chin, 2013). Furthermore, Perumal *et al.*,(2012) mention that there is a pressing need to investigate the effects of exercising power sources on customer satisfaction in developing countries in the logistics context; this is because the majority of studies have been conducted in Western countries. It is also because understanding the consequences of power on customer satisfaction in developing countries explores the effects of the power exercised by 3PL providers over 3PL users.

Over the past few decades, interest in the relationship paradigm has experienced improvements such as relational contracting, working partnership, relational marketing, collaborative relationship and strategic alliance. The relationship paradigm means all activities that aim at creating, developing, maintaining and making the relationship last for longer between the suppliers and customers. . Researchers have confirmed that trust and commitment are the outcomes of marketing efforts, behaviour and the success of working relationships among firms, sellers and customers, and both of them will lead to customer satisfaction (Zineldin and Jonsson, 2000). Berry (1983) coined the terminology of relationship marketing that aims at enhancing and maintaining the successful relational exchanges with the customers. Constructs related to relationship marketing are a lot such as commitment, trust, cooperation, and communication (Morgan and Hunt, 1994).

The company cannot gain competitive advantage within the company itself. This is because the company may need resources that are available at other companies. So, in the context of third party logistics outsourcing, the logistics provider and the logistics customer work closely and this causes interdependency in the relationship between the logistics provider and customer (Yuan *et al.*, 2018). The relationship between the third-party logistics provider and customer should be governed carefully because the quality of relationship between the exchange partners will lead to higher productivity and lower costs (Chen *et al.*, 2013).

According to the social exchange theory, the relationship between the customers and the selling companies has evolved with time; however, it is a slow process. The relationship starts with minor transactions where a little trust and commitment are required because risk may be involved and both partners are required to show trustworthiness. Over time, they will engage in major transactions with higher risks since they are capable of expanding their relationship because of developing trust and commitment (Blau, 1964). Zineldin and Jonsson (2000) state that trust and commitment grow over time between businesses partners involved in a business relationship. So, the process of building trust and commitment is a social exchange one.

Bagdonien and Zilione (2009) state that the existence of a company relies on its success in relationship management. Many managers are becoming more focused on establishing strong relationships with customers' businesses. This leads to shifting from transactions to shaping exchange relationships that are described as beneficial relationships between customers and sellers, where the seller strives to build long-term relationships with customers (Claycomb and Martin, 2001). Some authors go further when they assert that relationships are more important than capital such as buildings and goods (Galbreath, 2002). A business relationship is a process in which the company forms and builds social, service, and technical ties over time with customer firms in order to reduce the cost and/or increase value (Ritter *et al.,* 2004; Schurr, 2007).

A lot of authors have tried to investigate the nature of the relationship between 3PL providers and 3PL users. One of the earliest pioneering attempts had been made by (Bowersox, 1990). He found that a higher degree of commitment in the relationship between them will lead to a higher degree of integration in their work. This means that the relationship starts with a single transaction where the price is the driver of this inter-relationship between the 3PL provider and the user. With an increase in commitment, this will lead to repeated transactions ending at integrated logistics agreements.

Another categorisation that describes the inter-relationship between the 3PL user and 3PL provider was made by Sharma and Choudhury (2014) concentrating on the role of trust in developing the inter-organizational relationship between the 3PL provider and the 3PL customer, starting with focusing on the price and ending at the integrated logistics service agreement that is the highest stage of the outsourcing relationship between the 3PL customer and the 3PL provider. Yuan (2018) states that trust and commitment are regarded as the most important factors affecting the success of relational exchange between the two partners. Trust and commitment are capable of generating competitive advantage. Trust is seen as the most useful governance mechanism, while commitment is an important terminology which means that the relationship is expected to last for a long time.

Trust as a concept is widely studied in relationship marketing (Chang *et al.,* 2012). The term refers to a party's confidence where a party depends on another party. In other words, a party's willingness to be vulnerable to another party with the expectation that this party is reliable (Bart *et al.,* 2005). Zhao and Cavusgil (2006) state that when a customer trusts a supplier, the customer is happy investing money, time and effort into this relationship. Many authors have pointed out that there is a relationship between trust and customer satisfaction (Durate and Davies, 2004; Sanzo *et al.,* 2003).

Commitment is defined in most marketing studies as a willingness to keep and maintain the relationship with customers. Channel relationship managers are eager to maintain the customer-supplier relationship (Chang *et al.*, 2012). There is a significant relationship between commitment and customer satisfaction (Rodriguez *et al.*, 2006).

Little research has been carried out on relationships between the 3PL providers and 3PL suppliers and there is a need to do research into this subject area in Asia because companies need to know about the variables or factors that may strengthen the relationship between 3PL providers and 3PL users (Marasco, 2008). This is because much research on relationship dimensions have been made in western countries and this type of relationship is required in Asia (Chang *et al.*, 2012). Also, Chou *et al.,* (2015) state that there is an urgent need to study the relationship between the 3PL providers and users in order to understand the relationship between them.

1.3-Insights into logistics in Jordan

Jordan is located in South Western Asia. It has borders with Syria, Iraq, Palestine and Saudi Arabia. The total yearly economic output of Jordan is approximately 30 billion US dollars on average. GDP per capita is roughly 4,400 US dollars. The state needs more work to enhance the investment climate and then the results are expected to be concrete and encouraging (Ali, 2013). According to Ali (2013), Jordan is a small state that has limited natural resources. It imports energy from other countries. After the year 2000, the Jordanian economy has largely relied on exports of manufactured products. The Jordanian exports to U.S.A jumped from roughly 7 million dollars in the year 1997 to 661 million dollars in 2002. Jordan entered into a Free Trade Agreement (FTA) with the U.S.A and other European countries. The state is classed as a lower-middle-income one. Also, tourism plays a big role in its economy.

According to the Amman Chamber of commerce (2012), the Jordanian logistics market has faced many challenges and obstacles that should be overcome. The size of the road transport sector is very large. Thus, the supply is greater than the demand. So, partnership and merger between the transportation companies are needed. Furthermore, the previous point and the political circumstances prevailing in Iraq and Syria contribute to the lowering of the price of transportation within the region. Due to that, the industry needs to be more competitive in order to deal with other countries such as the Gulf States, Egypt and Palestine. In addition, the price of oil has made the cost of logistics services high in the country. Moreover, legislations related to logistics are outdated and there is an imperative need to renew them to cope with the current conditions in the country. Also, there are no strategies in place for organizing the logistics and transportation services in the country.

Lastly, there is a need for professional logisticians to work in the logistics industry in Jordan. Most experienced people currently working in the logistics industry in Jordan are aged. So, younger workers need training programmes to manage this industry in the future.

1.4-Insights into the third-party logistics industry in Jordan

As stated above, the driving forces for the Jordanian economy are exports and tourism. Research on third-party logistics in the Arab world is lacking (Sohail and Al-Abdali, 2005). So, studies on third party logistics are rare not only in Jordan but also in the Middle East region.

The role of 3PL providers is to facilitate 3PL users' operations that sell and purchase at a global level delivering and shipping commodities (Skender *et al.*, 2016)

A study by Ali (2013) on third-party logistics related to the textile and garments industry in Jordan is a valuable study because of the scarcity of studies on 3PL in the Arab world. He has found out that the third-party logistics industry in Jordan is viable and recommendable. This is attributed to two facts. Firstly, the Jordanina economy is heavily dependent on exports and the second one is that there has been an increase in exports to the U.S.A and European countries after signing the FTA with them. Also, the state needs to improve the process of 3PL to gain competitive advantage and to compete with other countries such as Bangladesh and China through cost reduction of goods and services. This can be done by expanding outsourcing services.

Of the 34% of the companies chosen, 50 of them who were garments manufacturing firms, were involved in 3PL. Another 59% of them stated that the decision of outsourcing came from the top management. The respondents mentioned that the criteria used for selecting the activities for outsourcing them were in the following order: cost analysis, non-core operations, ensuring that the activity is not a core-operation one, the sensitivity of the activity and freed resources such as labour, capital and land that can be reallocated. They answered the open-ended questions about the criteria used for selecting 3PL providers in the following order: specialization, brand image (reputation) because it is related to the service quality and existing customers of 3PL providers (word of mouth).

About 41% of respondents stated that they were very satisfied with the logistics services offered by the current 3PL providers. 30% of them were satisfied. 47% of them thought that 3PL contributed to reducing cost, whereas 65% of them believed that 3PL helped the company with its performance. 100% of respondents asserted that 3PL had helped the companies to increase competencies at local levels compared to 71% of them who stated that it helped the company to increase competency at a global level.

The study concluded that 30% of companies deploy 3PL in Jordan. Among these 30% of companies, not all of them use the whole logistics services offered by 3PL providers. So, there is a chance for companies in Jordan to expand their outsourced activities benefitting from cost efficiency which facilitates the sale of the goods, garments, and textiles at a competitive price. So, further studies are required in this subject area.

1.5-<u>The research problem</u>

Nowadays, third party logistics is defined as the quality of logistics services offered by 3PL providers (Otsetova, 2017). Concepts such as logistics service quality and relationship marketing have changed the business practice of logistics (Saura *et al.,* 2008). In addition, logistics research is mainly focused on the 3PL provider's ability to deliver high logistics service quality to make the customer satisfied. So, it can be said that there is a significant relationship between logistics service quality and customer satisfaction (Kilibarada and Andrejic, 2012). There is a crucial need, therefore, to study Logistics Service quality that could be evaluated by customers (Thai, 2013). Another critical issue is that higher than 50% of the third-party logistics relationships are terminated after 3 years and this is attributed to the lack of understanding customers' needs (Vlachos . 2017). Thus, the relationship between the 3PL user and provider should also be studied to know the factors affecting this relationship (Marasco, 2008; Chou *et al*., 2015).

Moreover, companies need to assist and help each other and this will reflect on the inter-organizational relationships because no company has all the resources required to perform its activities. This dependency on resources between companies is seen as power (Klein and Pereira, 2016). Nevertheless, there is a lack of studies on the effects of exercising coercive power and non-coercive power on customer satisfaction in developing countries (Perumal *et al.*, 2012) Also, studies on relationship power in logistics are lacking in these countries (Chin, 2013).

These types of problems can be beneficial to the third-party logistics industry because they will increase customer satisfaction in the third-party logistics industry. Furthermore, there is a pressing need to study customer satisfaction in business-to-business setting because the majority of studies have concentrated on business-to-customer context (Vlachos. 2017).

1.6-Motivations for the research

Companies with a successful supply chain can achieve higher performances in customer service, delivery times and product management. Also, profits can be increased and costs can be reduced. Firms without cooperation may make their supply chains' performances limited because a supply chain's success depends on the cooperation between the customer's firms and the providing ones. The supply chain's partners will increase mutual benefits through the elimination of undesirable factors between the providers and the customers (Park *et al.,* 2017).

The firm's profits can increase through efficient service quality and customer satisfaction because logistics service quality has a strong impact on customer satisfaction and loyalty (Kilibarda and Andrejic, 2012). Customer satisfaction is important to companies that seek competitive advantage because if the company cannot live up to customer satisfaction, it will lose its place in favour of the competition. Quality is the core of the service sector such as the 3PL industry. Hence, it is very important to ensure that the level of quality offered meets the customers expectations (Meidute-Kvaliauskiene *et al.,* 2014). Customer satisfaction is regarded as a key differentiator and a major element of business strategy. Today's companies widely believe that it is very important to gauge customer satisfaction to hold the existing customers and to attract new ones. This will positively reflect on profits and market share (Chin *et al.*, 2013).

Relationship marketing theory aims to identify the influential drivers that have an impact on the important outcome to the company in order to understand the relationship between outcomes and drivers (Hennig-Thurau *et al.,* 2002). It is difficult to determine the components of relationship marketing that support customer satisfaction (Hersh *et al.,* 2014).

For personal motivation, the researcher worked for a long time in this field and the researcher has inclinations to deepen his theoretical knowledge in this subject area.

1.7-<u>The significance of the research</u>

This is considered the first study that mainly focuses on the effect of relationship power (Coercive power and reward power) on customer satisfaction in the third-party logistics industry. Also, this study focuses on measuring the quality of relationship between 3PL customers and providers using commitment-trust theory of relationship marketing. So, this study will add to the logistics literature in terms of the relationship between 3PL providers and 3PL customers. In addition, the research presents customer satisfaction in the business-to-business context in order to take actions related to logistics service quality (personnel contact quality and ordering procedures), relationship power (coercive power and reward power), and relationship marketing (trust and commitment) to increase customer satisfaction in the 3PL industry in Jordan., The findings of this study, therefore, will provide a number of implications to the 3PL providers which will help them to increase customer satisfaction.

1.8-<u>The aim of the research</u>

The research aims to evaluate the impact of Logistics service quality, relationship marketing, and relationship power on customer satisfaction in the third-party logistics industry in Jordan; and to recommend steps in which the level of customer satisfaction can be increased.

1.9-<u>The research objectives</u>

1- To investigate the impact of personnel contact quality and ordering procedures, as logistics service quality items on customer satisfaction, in the Jordanian third-party logistics industry.
2- To investigate the effects of relationship marketing, namely trust and commitment, on customer satisfaction in the Jordanian third-party logistics industry.

3- To explore the effects of coercive power and non-coercive power, namely, reward power exercised by 3PL providers over 3PL users on customer satisfaction in the third-party logistics in Jordan.

1.10- The research questions

1-What are the effects of personnel contact quality and ordering procedures as logistics service quality items on customer satisfaction in the Jordanian third-party logistics industry?

Mentzer *et al.,* (2001) state that personnel contact quality and ordering procedures affect customer satisfaction directly. This is because of the importance of their effects on the customer. Personnel contact refers to the supplier's staff working on delivering logistics services to individual customers. The staff play a big role in taking orders and delivering products, whereas ordering procedures are concerned with the procedures followed when the 3PL users order products; and this has an impact on customer satisfaction. Mentzer *et al.*, (2001) state that the customer should evaluate the value created by the supplier.

This model is, therefore, used in this study to address the gap; i.e. a severe lack of studies related to the LSQ that should be evaluated by customers. Also, the model is applied to many segments (sectors). This study applies it across many industries.

2- What are the effects of relationship marketing, namely trust and commitment, on customer satisfaction in the Jordanian third-party logistics industry?

Chang *et al.,* (2012) state that the strong supplier-customer relationship is composed of commitment, trust and satisfaction. Chang *et al.,* (2012) affirm that satisfaction is not enough to gauge the supplier-customer relationship because this construct depends solely on satisfaction experience. Thus, they contend that trust and commitment as constructs, among other constructs, should be taken into account when measuring customer satisfaction with the relationship. In other words, according to the trust-commitment theory, trust and commitment are the two constructs that represent the fundamental constructs for measuring the relationship quality between the suppliers and the customers (Morgan and Hunt, 1994). This theory is recommended for the understanding of the relationship between third-party logistics providers and users (Fatma and Mahjoub, 2013). For this reason, both constructs are chosen to be measured in this study. Practitioners and researchers are used to examining the effects of relationship marketing constructs on the desired outcomes such as customer satisfaction and customer loyalty (Sohail and Malikakkal, 2011).

3-What is the impact of coercive power and non-coercive power, namely, reward exercised by 3PL providers over 3PL users on customer satisfaction in the third-party logistics in Jordan?

Jonsson and Zineldin (2003) mention that, bases of power result from resources owned by the suppliers. The resources enable the supplier, namely 3PL providers to exercise power over customers; i.e. 3PL users. Belaya and Hanf (2016) state that coercive power and reward power are more effective than other forms of power that are legitimate, expert, informational and referent. This is because they are less flexible and their effectiveness might decline over time. For these reasons, coercive power and reward power are chosen in this study.

1.11-<u>The scope of the research</u>

<u>The Hashemite Kingdom of Jordan</u>

This research is conducted in the Hashemite Kingdom of Jordan. This is attributed to the fact that research on 3PL is lacking in Jordan in particular and in the Arab world in general (Sohail and Al-Abdali, 2005). Also, Jordan should pay much more attention to 3PL because it is a vital sector that greatly contributes to the economy and there is the need to conduct more studies on 3PL in Jordan (Ali, 2013). Furthermore, the fact that distribution channel researchers assert that there is a severe need to investigate the impact of coercive and non-coercive power on customer satisfaction in developing countries because many studies in this area have been performed in the western countries (Perumal *et al.,* 2012). Jordan is a developing country. Moreover, the majority of studies related to relationship dimensions such as trust, commitment and communication have been performed in the western world and the research on relationship dimensions needs to be conducted in Asia (Chang *et al.,* 2012). Lastly, Studies on the relationship between the 3PL provider and the customer should be conducted in Asia (Marascow, 2008). Jordan is located in Asia.

<u>Across industries</u>

Lambert and Harrington (1989) state that each industry has its special characteristics. Hence, each study must concentrate on a specific industry. This research covers many industries. This decision can be justified by the fact that it is difficult to estimate the size of the 3PL industry due to the unavailability of government statistics. Large companies may have many 3PL providers and they may be unwilling to disclose data on their subsidiaries (Berglund *et al.,* 1999). So, it is very difficult to identify the size of the sample required for 3PL users in each sector to evaluate the LSQ and relationships, namely relationship power and relationship marketing.

Unit of analysis

Service quality is defined as the efforts aiming at understanding customer satisfaction through the differences between customers expectations and customers perceptions of different and various attributes (Chin *et al.*, 2013). Studying logistics service quality from the customer's perspective suits the logistics context and it would be more comprehensive (Thai, 2013). Logistics service users should evaluate logistics services (Mentzer *et al.*, 2001). Thus, the concentration is on customer perceptions and customer expectations and the customer is entitled to assess and evaluate the logistics service quality and the research will follow this.

For the relationship, many authors think that customers and suppliers should evaluate their relationships to understand the forces that strengthen or break the relationships between the customers and the providers (Lambert *et al.*, 1999). Jonsson and Zineldin (2003) state that the supplier-customer relationship should be evaluated by only the customers. Subsequently, the relationships, namely relationship marketing, and relationship power in this study are assessed by the clients. Also, many other authors widely believe that relationships should be evaluated by the customers (Wong and Sohal, 2002; De Wulf *et al.*, 2001).

Studies on third party logistics have pointed out that the unit of analysis includes the chain managers, logistics managers, purchasing managers or supply chain managers. This is because they all play crucial roles in industrial purchasing and in the decisions related to outsourcing (Jaafar, 2006).

1.12-The research Structure

This study is divided into six chapters.

Chapter one provides the reader with insights about the research as a whole. It has the research problem, the research questions, the research aim and the research objectives. The context of the study is clearly stated in this chapter. Also, the chapter discusses the introduction of the research, motivations for the research and the significance of the study.

Chapter two discusses the literature review for the research. The literature is broken down into three sections. The first section talks about the concepts of third-party logistics, outsourcing, the advantages and the risks resulting from third-party logistics, the relationship between logistics service quality and customer satisfaction, and the position of 3PL in the supply chain. The second section reflects the quality of relationship between the 3PL provider and the 3PL customer as well as the role of relationship marketing in this type of relationship. The third section concentrates on the relationship power between the supplier (3PL provider) and the customer (3PL customer) taking into account coercive power and non-coercive power (reward power).

Chapter three is research methodology. This chapter explains the research process and other issues in terms of research philosophy. It clarifies the research design and how data collection method has been conducted. Also, the chapter includes other issues such as sampling method and ethical considerations.

Chapter four discusses the data analysis for the research. The primary data is collected using questionnaires. Presentations of primary data findings have been presented using tables and figures.

Chapter five includes the discussion and analysis of the findings. The chapter plays a big role in comparing the findings of the study with the findings of the literature review.

Chapter six discusses the conclusion and recommendations for the study. The chapter reflects the degree to which the aim and the objectives of the study have been addressed. Also, it explains the limitations of the study, future studies, the theoretical contribution of the study, recommendations, and managerial implications.

1.13-Summary

This chapter explained the foundations for the study. It highlighted the role of logistics in the Jordanian economy and the theories in the context of third party logistics. These include social exchange theory and power theory. The chapter introduced the research problem and the motivations of the research. It also presented the significance of the research, the aim and the objectives of the research, the research questions and the scope of the study. The chapter illustrated the structure of the study.

Chapter Two: Literature Review

The first section: outsourcing and logistics service quality in third-party logistics

2.0-Introduction

The phenomenon of outsourcing has skyrocketed recently. This phenomenon is not a new one but it originated in the 1950s and was adopted by organizations in the 1980s as an important strategy (Hatonen and Eriksson, 2009). It came into being for many reasons such as cost benefits and achieving capacity flexibility (Grossler *et al*., 2013). A third-party logistics company is that company that offers logistics services such as packaging, transportation, warehousing, distribution services, and many others (Hrusecka *et al*., 2015).

Bali *et al.,* (2015) confirm that the success of outsourcing logistics tasks to third-party logistics providers is highly influenced by the right selection of the third-party logistics provider. So, the decision of the third-party logistics provider is a strategic decision. Murfield *et al.,* (2016) state that logistics is the benchmark of any company and the success of any company is linked to logistics effectiveness (Bhattacharjya *et al.,* 2016). The source of competitive advantage of companies is logistics service quality (LSQ). The importance of logistics service quality is greatly contributing to the gaining of customer satisfaction and customer loyalty (Konig and Spinler, 2016).

Third-party logistics represents a logistics triad that includes the logistics service provider, the buyer, and the supplier. The supplier of goods such as raw materials contacts the logistics provider such as DHL and TNT to serve the buyer as a final customer. The third-party logistics provider serves the supplier and the buyer (Sohn, *et al.,* 2017).

2.1 Third-party logistics and outsourcing.

In the challenging business world, the majority of companies are struggling to save time and avoid the burden of transportation and warehousing. So, these tasks can be given to a logistics service provider that does not possess the product or service; but it facilitates the supply chain activities between the supplier and the buyer (Mustafa and Ahmed, 2015).

Logistics is considered as an important field because industries can increase customer satisfaction and reduce the cost of their supply chains (Li *et al.,* 2012). Logistics is defined as the process of planning and controlling the smooth movement of commodities and information from the point of origin to the utilization stage to increase customer satisfaction (Hsiao *et al.,* 2010). Nowadays, outsourcing supply chain tasks to third-party logistics providers is widely common in most successful companies in the world to gain a sustainable competitive advantage (Rajesh *et al.,* 2012). 70% of companies outsource logistics tasks to 3PL providers in Japan compared to 42% of companies in the USA (Li *et al.*, 2012).

Govindan *et al*., (2016) define third party logistics as a company that provides another company with services such as warehousing, transportation and inventory management, as well as freight consolidation and distribution.

Third-party logistics (3PL) is the process in which a company uses an external company or companies in order to fulfil some or all of the company's logistics services. 3PL is a specialized company that is able to perform logistics activities better than the company itself (Bhatnagar *et al.,* 1999). 3PL is a hired firm that provides logistics services to firms for all or some of their supply chain functions (Green *et al.,* 2008). Skjoett-Larson (1999) states that the third party company is a specialized company in transportation and warehousing that can be customized according to the customers' needs based on the requirement of the market conditions and the demand. Delfmann *et al.,* (2002) define 3PL as a company that is responsible for executing the logistics services completely on behalf of the organization itself or some of the organizations' logistics services. Bask (2001.p 474) define third party logistics as " the relationship between interfaces in the supply chains and the third-party logistics provider, where logistics services are offered, from the basic to customized ones, in a shorter or longer-term relationship, with the aim of effectiveness and efficiency".

According to Ali (2013), the industry of third party logistics has experienced three waves. The first wave started in the 1980s. In this wave, a group of companies emerged working in the industry. Their work was restricted to the traditional approach that included transportation and warehousing. The second wave started in the early 1990s when parcel express companies such as DHL and FedEx worked in the logistics field. The third wave started in the late 1990s when many big players entered the logistics market such as the IT companies and financial services companies.

Green *et al.,* (2008) confirm that deploying third-party logistics brings advantages and disadvantages. The advantages are cost reductions, improved services, better cash flows, risk sharing, freeing up resources, concentrating on the core competencies, eliminating infrastructure resources, customized services (flexibility), and getting the resources that are not available to the outsourced company. The disadvantages of third party logistics include the loss of control because the 3PL users cannot control directly the outsourced activities, and also bad quality products. A lot of employees may be fired because of outsourcing.

Sowinski (2005) states that the services offered by the 3PL providers are transportation procurement, contact transportation, freight audit to adjust and examine the freight bills, reserve logistics, logistics management and consulting, value-added services and shipment tracking and tracing.

The process of selecting the 3PL provider is very important because the company's success is widely dependent on its partner, the 3PL provider. Hence, many authors have paid attention to the process of selecting the appropriate 3PL provider. According to Green *et al.*, (2008), there are nine steps which should be followed to select the 3PL provider successfully.

The first step is setting up a cross-functional team. The team is responsible for selecting the best 3PL provider. This requires a collaborative effort from all of the departments such as logistics, marketing, finance, manufacturing, and etcetera. The team will allow the company to choose the 3PL provider that is able to meet the company's requirement and needs. The second step is setting objectives. The company should know that the purpose of a 3PL provider is to cut costs, getting the resources that are not available to the company in order to focus on their strategic competencies and capabilities to compete well in the market.

Once the company knows its needs and wants, it can choose the best 3PL provider who is capable of reaching these objectives. The third phase of this process is to identify customer service requirements. The major reason for a company's existence is the customer. Consequently, customers' needs should be prioritized and should come first. These needs will be beneficial to choose the best 3PL provider. The fourth step of the process of selecting the 3PL provider is developing a list of candidates. The possible 3PL providers can be reached by online research or through the industry directories. The fifth step is exploring interest among the 3PL candidates. The company has to check if the 3PL provider is willing and able to provide the required logistics services. The company can send a letter or email to explain to the provider its needs for logistics services. The 3PL provider should send a letter to explain to the company about the capabilities.

The sixth step is soliciting requests for proposals. When the company becomes interested in some 3PL providers, it should send requests for the proposals. The 3PL providers should send detailed information about their logistics services in regard to distribution, warehousing and value-added services. It is very important for the company to get sufficient detailed information. The seventh step is making field visits. When the number of 3PL providers is narrowed to five or six, the cross-functional team should visit them to rate them based on many criteria. The team can interact with the employees and the management to understand their work ethics. The eighth step is reviewing the qualifications. All data related to each 3PL provider should be reviewed, especially data related to the philosophy of management, financial information and strategic fit. Also, the provider must have the ability to satisfy their existing customers. The last step is choosing the best candidate is when the team reviews the data, it should choose the 3PL provider that is able to meet the company's logistics requirements. The team has to realize that the relationship between the company and the 3PL provider may develop into a long-term strategic relationship.

Aghazadeh (2003) introduces five steps with which to choose the 3PL provider. The first step for the company to make a decision that is associated with outsourcing. The second step is setting criteria related to choosing the 3PL provider. The third step is screening the companies that do not match the criteria. The fourth step is selecting the best 3PL provider among the alternatives. The last step is starting the new partnership.

The terminology of outsourcing is not new because the companies have contracted with external providers for getting some services such as catering and cleaning. The difference between outsourcing now and outsourcing in the past is that outsourcing now includes wider aspects of IT and finance to human research functions (Bacea and Borza, 2015).

Outsourcing is making the services or the goods available to the company by an external company (Kakabadse and Kakabadse, 2000). Outsourcing is a contractual relationship that is related to business service performance by an external performer (Belcourt, 2006). Dolgui and

Proth (2013) state that outsourcing is getting the product or service from outside of a company. These activities were previously performed internally.

Based on the above, outsourcing is signing a contract with another company in order to perform some activities that were formerly performed traditionally in-house.

There are many recent studies that explain the benefits of outsourcing such as (Yildiz and Hatun, 2014; Espino-Rodriguez *et al*., 2017). The strategy of outsourcing is known as the strategy of cost reduction (Bengtssom and Dabbolkar, 2009; Kroesh and Ghosh, 2010). Also, outsourcing implies greater efficiency (Espino-Rodriguez *et al*., 2017).

Due to the intensified competition, companies tend to concentrate on what they do best. In other words, what their competencies and their capabilities are. These core competencies represent the competitive advantages to the companies. So, the companies are expected to outsource activities that are not of advantage to the companies (Prahalad and Hamel, 1990). In this way, the companies stimulate their core competencies (Zhang and Dhaliwal, 2009).

The hardest aspect of outsourcing is what the company has to outsource. Hence, the companies are required to identify their competencies and what distinguishes them from their rivals and what brings value-added advantage to the company (Bacea and Bozra, 2015). According to Prahalad and Hamel (1990), the founders of the terminology of core competencies, products are not able to create competitive advantage to the company but it is the management‘s ability to adapt to the change; and also management should be capable of choosing the best opportunities after identifying the core competencies. The company can then outsource other activities.

According to the theory of core competencies, if the company outsources the right activities, this will help it to strengthen its internal resources. This is because the right outsourcing can allow them to focus on the activities that create the competitive advantage of the company (Pinjala *et al.,* 2006).

This means that the company will outsource the activities that require resources (tangible assets, skills, knowledge, and expertise) and which are not available internally within the company; and this move will allow it to focus on the activities and resources that are available to the company. This will develop the core competencies and make them better than those of their competitors (Bacea and Bozra, 2015).

There are some frequent questions that are asked about the reasons why companies do outsourcing. The companies restructure their activities in order to encourage the growth of their core competencies (Prahalad and Hamel, 1990). According to Espino-Rodriguez *et al*., (2017), the benefits stemming from outsourcing can be divided into two categories. The first category includes factors associated with cost reduction and economic aspects. The second category relates to the benefits of obtaining the resources and capabilities that allow the company to gain competitive advantage. The decision of outsourcing can be made based on motives such as cost reduction, flexibility and expansion. The most important motive for outsourcing is related to economic factors (Lamminmaki, 2011).

Outsourcing reduces costs due to the cost advantages that it accrues, and it also enables the company to lower its break-even point through the lowering of general expenses for the company. This is because the company (3PL customer) is not required to invest in equipment and its installation (Varadarajan, 2009). The advantages of outsourcing can be summarized into three main elements: productivity, quality, and technology.

Productivity: This element is associated with the outsourcer. The 3PL provider means that all their activities should be measured. An analysis could be made to know whether the customer expectations match with what is agreed. The outsourced activities are repetitive activities that do not produce value; or they produce a low-value-added (Aron and Singh, 2005). Thus, by outsourcing, this burden will be taken from the internal employees who will put all their focus on the strategic activities that produce competitive advantage for the company. A study by Oshima *et al.,* (2005), found that the company that outsources their non-core activities reduces its administrative tasks by 50%, and the focus on the strategic activities increases by 40%.

From a quality perspective, the quality of activities will increase too because the external employees (the 3PL provider's staff) are experienced and knowledgeable about their subject area (the outsourced activity). So, they will offer higher levels of efficiency because they spread the costs to many customers, namely 3PL users (Bacea and Borza, 2015). The findings of a study conducted by Oshima *et al.,* (2005) showed that after outsourcing for 2 years, this caused a 15% cost saving and the customer is aware of the fact that the targets have been met by the seller (outsourcing company).

In regard to technology, outsourcing gives advantages to the company as well. That is, when the organization seeks to improve the technical services, or when it does not have the technical talent and it is looking for one. In this case, it can contract the external provider to produce one for the company. The outsourcer has up-to-date technology to reduce the time taken for an activity (Dolgui and Proth, 2013).

Payaro and Papa (2017) state that there are several reasons for outsourcing but the following four reasons are considered the major motives for outsourcing: The first motivation for outsourcing is cost. Outsourcing of logistics functions to a 3PL provider is expected to reduce cost by roughly 11%. So, the third-party logistics provider costs less than in-house due to economies of scale. The second reason for outsourcing is flexibility. The 3PL provider is able to adapt to changing circumstances. Hence, 3PL is a profitable project (Scott *et al.,* 2011). 3PL is a specialised company in warehousing and transportation services and this company is capable of modifying according to the customers' needs and requirements with higher quality (Hilletofth and Hilmola, 2010). The third motivation is the core competencies. The company can concentrate on its core activities that enable the company to gain competitive advantage, and the non-core activities can be outsourced to the 3PL provider (Hamel and Prahalad, 1990). Lastly, technology. The company is not obligated to develop or purchase costly technology when it adopts outsourcing. Also, developing or purchasing technology is time-consuming and costly. Consequently, a 3PL provider can make these facilities available to the company at a competitive cost (Payaro and Papa, 2017).

Payaro and Papa (2017) state that there are three major reasons for outsourcing but each one of them has disadvantages at the same time. Outsourcing allows the company to focus on the core competencies and getting external expertise. The disadvantage of outsourcing is that the company may lose control over the outsourced activities and lose contact with the customer. Also, outsourcing of logistics enables the company to save cost because of economies of scale. The clients are unable to evaluate the cost savings because the customers do not know exactly the costs of logistics outsourcing. Lastly, outsourcing leads to a decrease in levels of inventory and improving customer services. There are also disadvantages such as the 3PL provider may not be experienced enough, the loss of customers' feedback or the provider cannot adapt to the emergency circumstances.

The strategy of outsourcing has risk factors too. For example, when a company outsources its critical activities (core activities), this puts the company as a whole at great risk, especially when these activities have direct contacts with customers or these activities represent competencies to the company (Espino-Rodriguez *et al*., 2017).

Kremic *et al.*, (2006) state that the motivation for outsourcing is twofold: strategy-driven outsourcing and politically-driven outsourcing. For strategy-driven outsourcing, the major reason for outsourcing has shifted from cost reduction to strategic issues related to flexibility and core competence (Wright, 2001). The literature considers outsourcing as a strategy that enables the company to perform its business better on several dimensions (Sislian and Satir, 2000). Due to the intensified competition, companies are obligated to reassess and redirect their scarce assets (Razzaque and Chen, 1998). Thus, the process of resources redirection will make the company put all its focus on areas where it can make a positive impact. In other words, on the company's core activities and functions (Kremic *et al.,* 2006).

Also, there are other strategic issues associated with the company's rapid growth, flexibility to meet customers' requirements and the changing of technology (Kakabadse and Kakabadse, 2000). Flexibility is a very important driver of outsourcing because the company is obligated to react quickly to customers' needs and requirements. Outsourcing is considered as a vehicle that is capable of doing that. Also, it is a way to reduce the risk by sharing the risk with the providers (Kremic *et al.,* 2006).

For politically-driven outsourcing, public firms are different from the private ones in outsourcing motives. The private company seeks to make money and profits through outsourcing, while the public companies aim to ensure well-being through outsourcing. So, there is a difference in mission and goal. Also, the public organizations seek to implement agendas of public opinions or elected officials through outsourcing (Avery, 2000). The political candidates incline to promote their outsourcing ideas in order to make positive changes in their areas because the public firms are considered as bureaucratic and inefficient. Once the laws are legislated, the public organisations would comply. In this situation, the governing laws are the major drivers of outsourcing in the public sector (Kakabadse and Kakabadse, 2000).

Accountability is the other reason for outsourcing in the public sector. This is because the suppliers aim to satisfy the government representatives, while the government employees who work for the public sector incline to keep their interests (Kremic *et al.,* 2006). The company should carry out a deep analysis of the advantages of the activities to know the degree of the effects of these activities on the company's competitive advantage (Espino-Rodriguez *et al*., 2012). This is because outsourcing a company's core activities leads to losing critical skills and reduces flexibility, especially when dependency on the supplier is high (Espino-Rodriguez *et al*., 2017). The company should, therefore, make a deep analysis of the activities that are planned to outsource because, if the company is unsatisfied with the quality of services offered by the supplier, it may have difficulty in recovering the activities internally because of unavailability of personnel capabilities (Yildiz and Hatum, 2014).

According to Tsai *et al.,* (2012), scholars discuss whether the advantages of logistics outsourcing outweigh the risk of failure. This is because the process of outsourcing does not always result in advantages such as improved service quality and cost savings. The majority of studies on logistics outsourcing have revealed that most of the managers are not happy with the outcomes of logistics outsourcing. Managers should be aware of the fact that outsourcing means the decision of rejecting the internalisation of an activity.

Outsourcing means that the company is able to access resources that are not available to the outsourced company (Verwaal *et al.,* 2009). By outsourcing of logistics, the company can create value by supplementing internal resources. The internal resources are supported by the external ones (Verwaal *et al.,* 2009). This new combinations of resources will allow the company to create value. A huge amount of the literature advocates logistics outsourcing due to the benefits resulting from outsourcing of logistics, with less attention given to the side effects of outsourcing, especially as in 3PL. A study on logistics outsourcing has revealed that a significant share of companies was obliged to return some outsourced activities in-house. Other studies have indicated that the alliance between a 3PL provider and a 3PL user was terminated after three years. Also, a study has pointed out that more than 50% of partnerships between 3PL providers and users failed (Gadde and Hulthen, 2008).

The reason for that is attributed to many factors such as the provider being not skilful enough, the provider is not concerned with the customers' feedbacks, and the provider is unable to deal with emergency circumstances and special products. A study by the American Management Association about the satisfaction with logistics outsourcing has shown that 75% of respondents state that the outcomes of outsourcing did not live up to customers expectations and 50% of them brought some outsourced functions back in-house. Roughly 33% of companies cancelled the contracts with their outsourcing companies (Gadde and Hulthen, 2008).

The major reasons for terminations, problems, and back-sourcing are the financial benefits that accrue since the outsourced company has difficulty in estimating the real cost of logistics outsourcing (Gadde and Huthen, 2008). The financial benefits come as a priority to the outsourced company. Thus, this represents a major drawback to the companies that are willing to outsource their logistics activities since these companies like to know the low unit price resulting from deploying outsourcing (Smyrlis, 2006). Although the expected results of outsourcing are to focus on core competencies and reduce costs, there are a large number of studies on logistics outsourcing which have pointed out that there are many unsuccessful logistics outsourcing cases (Deloitte Consulting Report, 2008). Also, many managers do not realize the expected benefits of outsourcing (Krell, 2006).

According to Tayauova (2012), outsourcing has been studied based on three approaches. The first approach is the resource-based view (RBV). This approach supposes that any company lacks inimitable, rare and valuable resources. Such a company will search for an external provider to overcome this drawback and weakness (Henry, 2008). The importance of RBV is in the preparation stage when a company makes an outsourcing decision and is in the process of selecting the outsourcer (Pedersen and Perunovic, 2007). The second approach is the core competency. The company should keep its core activities in the house but other activities that are considered as non-core activities can be outsourced (Prahalad and Hamel, 2003). Core competencies are the attributes that are possessed by the firm and they allow the company to gain competitive advantage (Henry, 2008). Consequently, the company can concentrate on its core competencies to gain sustainable competitive advantages and it can outsource the other activities or functions to a specialized company at a lower cost. The third approach is the Transaction Cost Theory (TCT). This approach expects that the company should compare the cost resulting from insourcing (production) and outsourcing (transaction cost). Thus, the company ought to define whether to develop in-house, namely insourcing or buy from the market, namely outsourcing. This comparison will lead to the decision of outsourcing or insourcing based on the cost of the transaction (outsourcing) and the cost of production, namely insourcing (Tayauova, 2012).

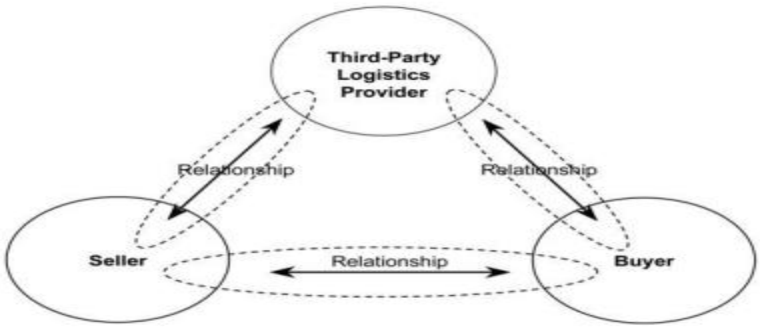
Zhu *et al* (2017) mention that logistics outsourcing is classified into two groups. Basic logistics outsourcing (BLO) and Advanced logistics outsourcing (ALO). Basic logistics outsourcing is concerned with the outsourcing of traditional logistics activities such as warehousing and transportation (Hsiao *et al.,* 2010). Such logistics services are sold together or separately with other services that are simple and available from a lot of 3PL providers at a low cost (Yeung *et al.,* 2012). The contract between the supplier and the clients is informal and short-term and both of them do not carry commitment, and the price comes in the first place (Halldorsson and Skjott-larsen, 2004).

Advanced logistics outsourcing includes strategic activities and functional activities. The strategic activities are such as logistic information systems, while functional activities are such as purchasing and order processing (Halldorsson and Skjott-Larsen, 2004; Anderson and

Norrman, 2002). Thus, advanced logistics outsourcing is more sophisticated than basic logistics outsourcing. In addition to that, the engaged parties, namely the 3PL users, are not experienced in managing these activities (Andersson and Norrman, 2002). This is because the 3PL providers are required to manage these activities wisely, and they should be skilful and knowledgeable (Halldorsson and Skjott-larsen, 2004). Also, there is a difficulty in evaluating the outsourced performance (Halldorsson and skjott-larsen, 2004).

For the position of a 3PL provider in the supply chain, Bask (2001) states that the terminology of third-party logistics consists of three types of relationships as shown in the Figure below.

Figure (2.1) explains the dyadic relationships between the Seller, the 3PL Provider and the buyer.



The source: Bask (2001)

The relationships include the relationship between the seller and the 3PL provider, the 3PL provider and the buyer, and the relationship between the seller and the buyer as shown in figure 2.1. The seller represents the buyer of logistics services from the 3PL provider. Consequently, the seller is the customer of the 3PL providers. The seller and the buyer may be supplier, manufacturer, wholesaler or retailer in the business-to-business market.

2.1.1- **Service quality management**.

The terminology of customer satisfaction is a new approach for quality and this approach helps the company with developing customer-focused management. Customer satisfaction is defined as an individual's feeling of happiness or disappointment which comes as a result of comparing a product or service performance with the expectations (Kotler and Keller, 2006). The survival of any company depends on its ability to meet its customers' requirements. If a company is able to do that, this will lead to word of mouth and customer retention (Hoffman and Bateson, 2011). The company should gain customer satisfaction because dissatisfied customers probably share their poor experiences with other people (Hoyer and Maclnnis, 2010). Service quality is the centre of satisfaction (Meng and Elliott, 2009).

Customer satisfaction leads to customer loyalty which results in increasing a company's profitability and the market share (Naumann, 2001). This is attributed to the fact that customer satisfaction is a true sign of repeat sales and customer loyalty (Homburg and Rudolph, 2001). Consequently, many companies are interested in gauging customer satisfaction to know more about customer preferences. Also, a company's performance is closely related to the dimensions of satisfaction, because this demonstrates the company's weaknesses and strengths (Mihelis *et al.,* 2001). Gaining and maintaining satisfaction for customers is a real challenge to business leaders (Parasuraman *et al.,* 1985). It is important because it is an organization's parameter and any change in the current market can influence customer expectations and preferences (Mihelis,2001).

Many people have faced the problem of poor service quality and there is an urgent need to improve measurements associated with the service quality. Service quality and customer satisfaction are important keys for business practices across companies working in different industries. Companies want to make sure that customer perception is met or that it exceeds the customer expectations, as the customer will then repurchase the service or the product (Chin *et al.,* 2013). There is a consensus among researchers that, the quality of the service provided is geared at generating customer satisfaction. The problem of service quality results from the nature of the service in which the customer is interacting with staff, equipment and other facilities, and that makes the measurement of the quality difficult (Edvardsson, 1998).

Service quality is a very important concept to the service industry especially to service providers who have difficult tasks. This task is to differentiate their services from other services offered by other service providers (Saghier and Nathan, 2013). The hardest challenge for service providers is to gain and maintain customer satisfaction and how the quality of service affects customer satisfaction. Thus, to gain customer satisfaction, service providers should improve service quality (Jamaluddin and Ruswanti, 2017). Al-Rousan and Mohamed (2010) state that a service provider should offer excellent service quality. The level of service quality should exceed the rivals in order to gain customer satisfaction that reflects the customers' willingness to make re-order.

Service Quality: Firms need to understand the factors affecting satisfaction with service in order to design a service system that matches the market demands. Thus, service quality is important to companies for creating customer satisfaction. Consequently, marketing literature is interested in the subject of service quality because poor service quality will place the company at a competitive disadvantage. The measurement of service quality relies on the matching of customer perception with customer expectation. Thus, successful service providers are able to offer services by adding benefits to the offerings which make the customers surprised and happy (Abedin, 2015). Smith (1987) states that service quality is hard to measure because of its intangible aspects. Smith (1987) clarifies that manufacturing businesses are able to gauge only items that can be quantifiable such as productivity and financial performance. Although other items such as flexibility, quality and innovation play crucial roles in a company's success, it is difficult to measure them. Generally speaking, measures of service quality are broken down into two types. The first type is called hard measures that are quantifiable such as the number of customers served each hour and the computer downtime. The second type is the soft measures that rely on perceptual data such as customer satisfaction with the speed of the service achieved to the customer, and the manager's appraisal of staff behaviour with customers. Abedin (2015) confirms that in the subject of service quality, customer perception and customer expectation are closely related to each other.

2.1.2- Customers and service quality expectation

Customer expectation is the required standards that are compared with the subsequent experiences that lead to the evaluation of quality or satisfaction within the organization (Zeithaml *et al.*, 1993). Consequently, customer perception is influenced by a person's expectation. So, a person with a high expectation of quality will perceive or find a poorer quality compared to that with a lower expectation. Thus, the customer with lower expectations can be satisfied easily (Kotler and Keller, 2006).

Zeithaml (1990) states that there are three main factors that influence customer expectations. The first is the word of mouth where the customer can be influenced by what he or she hears from other customers. The second factor in customer expectations depends on his personality and circumstances. The third factor is customer communication with service providers. This factor is an influential factor in shaping customer expectations. Abedin (2015) states that customer expectations are formed from word of mouth, advertisement and customer experiences.

2.1.3- Customers and service quality perception

Customer perception is about a service's features that aim to meet customers' needs and wants in order to make them satisfied (Rao and Sahu, 2013) It is also a persons' response to stimuli that they are exposed to and by giving significance to each stimulus such as taste and colour (Sureshchandar *et al.*, 2002). Peoples' responses to stimuli depend on their expectations, needs and values. Sureshchandar *et al.,* (2002) state that the informational cues associated with a product or service are the bases for judging service quality such as promotional message, brand image and price. So, the cues form the basis for perceiving service quality.

According to the expectation disconfirmation theory, customers compare perceived performances of services/products, with their expected standards. The outcomes are one of the following results:

1- **Neutral feelings**. This occurs when performance and perception, match the reference points, expectations.

2- **Satisfaction**. This can be gained when performance is considered better than expectations.

3- **Dissatisfaction**. When performance is regarded worse than expectations.

Hence, to determine the outcome, satisfaction or dissatisfaction, comparisons between reference points and perceived performances should be made (Almsalam, 2014).

2.1.4 -Measuring logistics service performance.

There is no consensus among researchers about a universal approach in terms of measuring logistics service performance, but several researchers and authors have different proposals for the dimensions of LSQ. The development of LSQ has been built on the subjective approach and the objective approach. The first school of thought, subjective approach, is where the service is seen as a physical object which can be observable. The logistics service quality has attributes that can be evaluated by the service providers without paying any attention to the customers. This means that the service providers are only capable of quantifying the value created by them to the customers and cannot gauge customer satisfaction with the value introduced by the service suppliers. The second school of thought, objective approach, is where the school adopts the idea that customer perception should be compared with the service user expectations. This school of thought has contributed to introducing a model that has both customer service logistics and customer service marketing, while the first school of thought focuses on customer service logistics. (Thai, 2013).

La londe and Zinszer (1976) state that customer satisfaction results from the three categories of customer service. The first category is concerned with the pre-transaction elements. The elements include where a customer receives a policy statement, management services plan, a flexible system, organisational structure and a written statement policy. The second category is concerned with the transaction elements. This includes product substitutions, stock-out level, elements of order cycle, order information, transhipment, expedite shipment schedules and order convenience. The last one is the post-transaction elements. These include customer claims, returns, product tracing, parts, repairs and temporary replacement of product.

These constructs, or some of them, have been used in many studies in different perspectives (Grant 2003).

Many studies have been performed on a supplier's basis without making the customer evaluate the value created by service suppliers (Grant, 2004, Mentzer *et al.,* 2001).

Other authors suggest that service supplier's viewpoints and service user's viewpoints should be taken into account (Johnson *et al.,* 2001). This may not be suitable because the customers should evaluate the value created by the service suppliers to identify their levels of satisfaction.

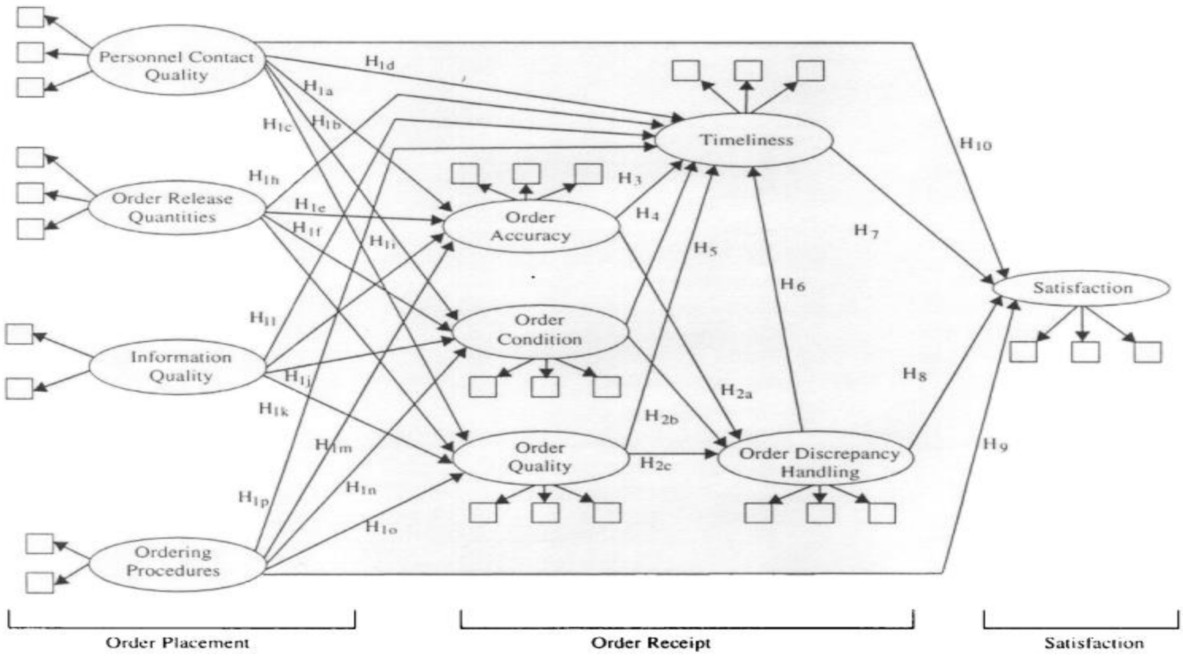
Mentzer *et al.*, (2001) mention that the customer should evaluate the services provided by suppliers to quantify the level of service quality, then satisfaction. They assert that service delivery has two items: marketing customer service (MCS) and physical distribution service and both of them help the service providers to satisfy their customers.

The SERVQUAL model was built by (Parasuraman *et al.*, 1985) to measure service quality. This model has the following five dimensions: tangibility, reliability, responsiveness, assurance and empathy. Tangibility is the dimension concerned with the appearance of personnel, equipment and physical facilities. Reliability relates to performing the service as promised and accurately. Responsiveness is the dimension which aims to provide the prompt service and help the customers. Assurance is the dimension concerned with employees' trustworthiness and tactfulness. The dimension of empathy is the service provider's ability to care about customers and pay attention to them. This model has 22 items (questions) to measure the service quality and this model has been applied in many contexts such as repair and maintenance, telephone service, banking and credit cards (Yarimoglu, 2014). Also, it was used in fast food, pest control, and other areas. Hence, a lot of researchers call for additional dimensions or items (Mentzer *et al.*, 2001). Mentzer *et al.*, (2001) state that when they applied the SERVQUAL model to the logistics context, they called for a new conceptualisation.

Mentzer *et al.*, (2001) extended the study of Mentzer *et al.*, (1999) and they conceptualized nine dimensions of LSQ after reviewing the relevant logistics and marketing literature.

Each dimension affects one another to reach customer satisfaction as shown in Figure 2.2 below.

Figure (2.2) shows the elements of logistics service quality



Source: Mentzer *et al.*, (2001)

2.1.5- <u>The dimensions of logistics service quality (LSQ)</u>

There is a crucial need to study logistics service quality that should be evaluated by customers (Thai, 2013). This model is a seminal work that has been used to develop other LSQ models (Zailani *et al.*, 2018; Jum' a, 2016; Thai, 2013; Jaafar, 2006). This model suits this research because it was applied to third-party logistics in the UK across many different industries that deploy 3PL providers (Jaffar, 2006). Also, the founder of this model and his colleagues applied it to many other sectors and the founders of this model widely believe that LSQ should be evaluated by customers (Mentzer *et al.*, 2001). So, this suits the gap that focuses on LSQ that should be evaluated by customers. The model consists of the following items:

1-Personnel contact quality.

Suppliers' personnel quality is an important element of LSQ dimensions. They affect directly customer satisfaction and other items as well, namely order accuracy, order condition, timeliness, and order quality. Customers or logistics users pay attention to the service personnel who are knowledgeable, cooperative, and enthusiastic to solve customers' problems (Zailani *et al.,* 2018; Mentzer *et al.,* 2001). Surprenant and Solomon (1987) assert that service quality perception is tied more to personnel contact than the outcome of services offered. Thus, personnel contact quality represents an important dimension. Zeithaml *et al.,* (1990) state that communication with service providers is an influential factor in shaping customer expectation. It is a message conveyed by the supplier to the customer. For these reasons, this dimension is included and discussed in this study.

2-Order release quantities.

This is known also as product availability (Mentzer *et al.*, 2001). Melovic *et al.,* (2015) state that it is a very important component of customer service. It means that the product is available at any time and place required by the customer. The capability of logistics is gauged by the supplier's ability to make the product available to the customer and the supplier should pay much more attention to this component. This is because the product should be available in the distribution center, warehouse, and retail store. Also, this dimension may result in dissatisfied customers because the consequences of suppliers' inability to deliver the required products will lead to stock-outs. This may cause financial losses to the organization.

3-Information quality.

This dimension is concerned with the quality of information provided by the suppliers to customers about product adequacy and availability. This dimension is important because it enables the customer to make decisions (Zailani *et al.,* 2018; Saura. *et al.,* 2008; Mentzer *et al.,* 2001).

4-Ordering procedures

This refers to the procedures followed by logistics providers when customers order products and materials. The procedures should be effective and simple because the customers pay a great deal of attention to this dimension (Zailani *et al.,* 2018; Mentzer *et al.*, 2001; Bienstock *et al.,* 1997). Also, it has a direct impact on customer satisfaction. Thus, this dimension is included and discussed in the study.

5-Order condition

Damage rates for ordered products. The damaged products cannot be used by the customers. In this case, the customers are required to go through steps to replace the damaged products with the intact ones. This depends on the damage rates (Mentzer *et al.*, 2001; Bienstock *et al.,* 1997).

6- Order accuracy

The logistics service provider's ability to deliver the right number of ordered products without substitutions for the requested items (Mentzer *et al.,* 2001; Bienstock *et al.*, 1997).

7-Order quality

This dimension is related to the damage level of requested items from suppliers rather than handling. It is concerned with the matching between the products provided by the suppliers and the item specifications set by logistics users (Saura *et al.*, 2008; Novack *et al.*, 1994).

8- Order discrepancy handling

This refers to the supplier's reaction towards the ordered products after delivering them to the customers if the products are not accurate and are in a poor condition. The suppliers' reaction towards these problems forms the customer perception of the provided services (Mentzer *et al.,* 2001).

9- Timeliness.

The requested order should arrive at the agreed time between the customer and the supplier (Hult *et al.,* 2000). The delivery time can be affected by problems arising when transporting the product or the products are unavailable (Zailani *et al*., 2018; Saura *et al*., 2008; Mentzer *et al.,* 2001; Bienstock *et al.,* 1997).

10- Customer satisfaction.

As shown in Figure 2.2, the outcome of the dimensions is customer satisfaction. Mentzer *et al*'s., (1999) work suppose that all dimensions occurred simultaneously to gain customer satisfaction. However, in Mentzer *et al*'s., (2001) work, they suggest that each dimension affects one another to reach customer satisfaction. This is attributed to the fact that the researchers suppose that the customer perception of each component affects one another to reach customer satisfaction (Mentzer *et al.,* 2001). Service quality dimensions are closely related to customer satisfaction. Also, findings from studies have indicated that there is a positive relationship between service quality dimensions and customer satisfaction (Adat *et al.,* 2014).

Mentzer *et al*'s., (2001) model has found that personnel contact quality and ordering procedures positively affect customer satisfaction.

Jaafar (2006) conducts a study in the UK to examine the effects of logistics service quality offered by 3PL providers on customer satisfaction. The result has indicated that higher perceptions of ordering procedures lead to higher levels of customer satisfaction and higher perceptions of personnel contact quality lead to an increase in customer satisfaction.

Saura *et al.,* (2008) perform a study to examine the effects of logistics quality on customer satisfaction and customer loyalty. The finding has revealed that there is a positive relationship between personnel contact quality and customer satisfaction.

Kattara *et al.,* (2008) perform a study in a service industry to investigate the impact of employees' behaviour on customer satisfaction. The findings find out there is a positive relationship between positive employees' behaviour and customer satisfaction.

Politis *et al.,* (2014) conduct a study on the effects of Logistics service quality dimensions on customer satisfaction in manufacturing companies in Greece. They have found out that personnel contact quality affects customer satisfaction.

A study by Zailani *et al*., (2018) to investigate the effects of Halal logistics service quality dimensions on customer satisfaction. The result has indicated that there is a positive relationship between personnel contact quality and customer satisfaction.

The hypotheses of Logistics service quality (LSQ)

H1: Higher perceptions of personnel contact quality positively affect customer satisfaction.

H2: Higher perceptions of ordering procedures lead to an increase in customer satisfaction.

The above-mentioned hypotheses are linked to the first research objective.

2.1.6 -Summary

This section highlighted the terms of third party logistics and outsourcing. Also, it provided reasons for outsourcing. The section focused light on the position of third-party logistics provider in the supply chain and the role of logistics service quality (LSQ) in gaining customer satisfaction concentrating on the impact of ordering procedures and personnel contact quality on customer satisfaction in the third-party logistics industry in Jordan using a seminal work. This section critically reviewed the terms of third party logistics, outsourcing, and the benefits and risks resulting from outsourcing. Also, the seminal model was selected to measure logistics service quality (LSQ) . The chosen constructs for measuring logistics service quality (LSQ) are personnel contact quality and ordering procedures, and both of them have a direct impact on customer satisfaction.

The second section: The outsourcing relationship between third-party logistics provider and user

2.2.0 –Introduction

Today's companies should shift from transaction marketing to relationship marketing (RM) which focuses on profitability and long-term relationship between parties engaged in a relationship such as the 3PL provider and the 3PL customer. For this reason, a lot of research has developed a conceptual model to gauge the quality of relationship between relationship marketing dimensions and customer satisfaction (Aka *et al*., 2016). According to Morgan and Hunt (1994), the founders of commitment-trust theory of relationship marketing, trust and commitment are the major variables of relationship marketing.

Recently, much research has concentrated on the relationship between the 3PL provider and the 3PL customer. All studies have pointed out that companies should build long term relationships between suppliers and customers (Sohail and Malikakkal, 2011).

According to social exchange theory, there is a difference between social exchange relationship and economic exchange relationship between the seller and the buyer starting with economic exchange where the relationship is short. Also, there is no personal relationship between the seller and the buyer. The relationship between the seller and the buyer develops due to the development of trust and commitment, where the relationship becomes a social exchange relationship (Mitchel *et al.*, 2012)

This section highlights the quality of relationship between the 3PL provider and the 3PL customer using commitment-trust theory of relationship marketing. Also, the section clarifies the role of relationship marketing (RM) dimensions (trust and commitment) in this type of relationship.

2.2.1- Social Exchange Theory

Zineldin and Jonsson (2000) state that trust and commitment grow over time between business partners involved in a business relationship. Thus, the process of building trust and commitment is a social exchange one.

Cropanzano *et al.,* (2016) mention that the social exchange theory divides the process of exchange into three parts: initiating actions, resulting relationship, and reciprocating between the partners engaged in this relationship. This theory has a huge number of constructs such as trust and commitment.

According to Mitchel *et al.*, (2012), the founder of this theory tells the difference between economic exchange and social exchange. The social exchange comes as a result of economic exchange which is shorter and the interpersonal attachments are weak. The economic exchange develops over time because of developing trust, commitment and loyalty, then the parties, entering into a relationship move to the social exchange stage where they become generous and the interpersonal relationships between the parties become clearer.

The role of trust and commitment here is big because the process of reciprocity involves risks between the buyer and the seller. Thus, trust and commitment reduce anxiety and allow the process of exchange to happen over time because trust and commitment develop as well. Also, the partners can engage with transactions that require higher risks

According to this theory, outsourcing companies are expected to produce more informal safeguards such as trust and commitment than formal safeguards which exist in the legal contract (Haried and Ramamurthy, 2009). Trust and commitment lead to flexibility. Thus, all unexpected events can be well managed. Furthermore, trust and commitment as informal safeguards highly contribute to the prevention of conflicts and opportunistic behaviour from occurring between the supplier and the buyer (Adler, 2001).

According to the theory, companies will continue or terminate exchange relationships with other partners depending on the expected costs and benefits coming from this relationship (Thibaut and Kelley 1959). Thus, companies will opt for the relationships that provide them with minimal costs and maximum benefits. This means that the relationship is expected to last as long as the existing relationships meet the requirements associated with costs and benefits (Wangenheim, 2003; Holthausen, 2013). Prior and past experiences influence the future expectations of the costs and benefits. Hence, suppliers need to satisfy their customers' experiences in order to encourage them to continue this relationship (Thibaut and Kelley 1959; Wangenheim 2003; Holthausen, 2013; Mitchel *et al.,* 2012).

The Social Exchange theory is built on the assumption that partners engaged in a relationship expect that this relationship is a rewarding one (Blau, 1968). Consequently, the nature of the actors is self-interested ones who strive to transact with each other in order to make interests that cannot be achieved if they are alone (Lawler and Thye, 1999; Mitchel *et al.,* 2012). The actors believe that this exchange is expected to produce economic results and /or social ones. They review this relationship over time and compare it with other alternatives of possible relationships in order to decide on whether to continue or switch to other relationships that give better economic and social outcomes.

The positive result coming from this relationship will increase trust and commitment among the partners who will seek to maintain this exchange relationship (Cropanzano and Mitchell, 2005). Satisfaction with rewards varies from one party to another because some actors may be concerned with economic rewards, while others are interested in trusting the partner (Lambe *et al.,* 2001). For this reason, an exchange relationship means that emotions play crucial roles in the exchange between the parties engaged in the relationship (Lawler and Thye, 1999). Cropanzano *et al.,* (2016) assert that the social exchange theory assumes that successful exchange leads to economic exchange which in turn transforms it into high social exchanges.

By doing so, the customer feels committed to this supplier over other suppliers and feels that the supplier is trustworthy as well.

Emerson (1962); Jancic and Zabkar (2002) assert that this theory is the opposite of power theory where one partner exercises power over another partner. This goes for the monopoly case where the manipulators impose tough conditions on customers and this type of exchange is described as a negative exchange.

Thaibaut and Kelly (1959) clarify that outcomes resulting from any exchange relationship are evaluated and compared with any possible outcomes coming from any possible alternative relationships to continue or terminate the current relationship.

Social exchange theory is commonly used for illustrating and focusing light on business to business context. The company is expected to continue the relationship if the outcomes and expectations are better or similar than the expectations and outcomes that can be gained by other alternative relationships (Lambe *et al*., 2001). Holthausen (2013) asserts that this theory is a great tool that can be used in supply chain when analysing the relationship between the suppliers and the buyers. This theory can be applied to the process of selecting suppliers and how the buyer should treat the supplier. In other words, this theory has a strong impact on purchasing decision making since it can be applied to the process of selecting a supplier and how the purchaser should treat the supplier.

At the purchaser level, the company has to focus on the economic exchange (benefit and cost) and the social norms such as trust and commitment. In this way, the chance for continuation is higher and the supply will be ensured. Due to this continuous exchange relationship, the customer becomes the preferred one and the supplier gives it special importance. Based on the above, this theory in the supply chain context focuses on social behaviour in order to increase performance.

2.2.2 The Commitment-Trust Theory

Fatma and Mahjoub (2013) state that the origin of this theory is that marketing should differentiate between relational exchange and discrete transactions that represent the arm's length relationship between the suppliers and the customers. The price is the basis for transactions. Relationship marketing focuses on the long-term relationship between the customers and the suppliers who expect a long-term relationship. This theory helps both customers and suppliers to formulate a successful exchange relationship and it is recommended to understand the relationship between third-party logistics providers and users.

Morgan and Hunt (1994) mention that trust and commitment are the two constructs that represent the fundamental constructs for measuring the relationship quality between the suppliers and customers. For this reason, both constructs are chosen to measure the quality of relationship in this study. They widely believe that trust and commitment should exist to make relationship marketing successful. They describe the two constructs as the major factors in any relationship marketing between the suppliers and the customers. This is attributed to the fact that trust and commitment lead to the following: First, cooperation between the exchange partners if there are commitment and trust in the relationship. This is because cooperation is a strategy in which the relationship is preserved. Second, preferring a long-term relationship that results in long-term benefits over short-term alternatives. Last, the existence of the two constructs means that each partner is expected to evade acting in an opportunistic behaviour. Thus, the partners show an interest in taking part in high-risk transactions together. For this reason, trust and commitment are important factors to create conditions in which relationship marketing can be achieved successfully, which will lead to effectiveness, productivity and efficiency.

According to social exchange theory, if the partners engaged in a relationship follow the rules, this will lead to trust, commitment and loyalty (Cropanzano and Mitchel, 2005).

2.2.3- The importance of relationship marketing (RM)

Sohail and Malikakkal (2011) state that logistics practitioners and researchers are used to examining the effects of relationship marketing constructs on the desired outcomes such as customer satisfaction and customer loyalty. Thus, this study investigates the quality of the relationship between the 3PL provider and the 3PL customer by focusing on the effects of relationship marketing (trust and commitment) on the desired outcome (customer satisfaction).

Berry (1983) coined the terminology of relationship marketing. This term aims at enhancing, and maintaining customer relationship. The terminology was defined by Morgan and Hunt (1994) as the marketing activities that aim at establishing, developing and maintaining relationships with customers in order to ensure successful relationship exchange.

The development of relationship marketing came as a result of the development of the service sector, and relationship marketing is seen as a shift paradigm in marketing (Gummerus *et al*., 2017). Also, other factors contribute to the emergence of relationship marketing such as profitable relationship, technological advances, customer satisfaction and customer loyalty (Chenet, 2010; Palmer *et al*., 2013).

For the importance of relationship marketing, relationship marketing has been divided into areas such as relationship communication (Balaji *et al.*, 2016) and relationship dynamics (Zhang *et al.,* 2016), In other words, studies on relationship marketing have moved to sub-areas (Gummerus *et al*., 2017). The importance of relationship marketing has long been advocated. The central concern of relationship marketing thought is the exchange relationship between customers and suppliers (Samiee *et al.*, 2015). Relationship marketing has developed to become international relationship marketing (IRM) when doing business in foreign countries (Samiee *et al.*, 2015).

Relationship marketing is an area of keen interest to marketing researchers (Kumar *et al.*, 2003). Relationship marketing started to emerge as shifting from transactional phenomena into focusing on relationships between the company and its clients (Möller and Halinen, 2000). Constructs associated with relationship marketing are multiple such as trust, commitment, social bonds, empathy, good experience, promise fulfilment, communication, conflict handling and reciprocity (Hersh *et al.,* 2014). Datta *et al.,* (2011) assert that the major objective of relationship marketing is to increase the level of customer satisfaction and customer loyalty by maintaining the relationship between the suppliers and buyers. This is because the physical product can be replicable even in the long run, while a product that is supported by relationship marketing, the intangible power, cannot be matched. Thus, relationship marketing should be taken seriously and it should be considered by companies since it increases the level of customer satisfaction and customer loyalty for the company. This also positively reflects on the company's profitability.

Hersh *et al.,* (2014) state that today's companies are aware of the importance of relationship marketing because the quality of this relationship affects the continuation and intensity of the relationship between the suppliers and customers. This strategy, namely relationship marketing is very important to service industries, since the service is intangible and requires a higher level of interactions. The result of this strategy is not only a long-term profitable relationship but also gaining competitive advantage because it cannot be imitated. It is difficult to determine the components of relationship marketing that underpin the level of customer satisfaction.

Because the marketing activities were directed at acquiring new customers instead of retaining the existing ones, most companies did not adopt the idea of building a long-run profitable relationship (Roberts *et al*, 2003).

2.2.4- Definitions of relationship marketing

Grönroos (2006) states that the last decades experienced many studies on relationship marketing. There have been many attempts to identify the terminology of relationship marketing. Berry (1983) was the first author who defined relationship marketing as a process in which the supplier acquires and maintains the relationship with buyers. As noted from the definition of (Berry, 1983), he puts all the focus on the service sector due to its intangibility. In this context, the supplier is required to build a close relationship with the existing customers. This means the service providers should not only attract new customers but also keep the actual customers by strengthening the relationship with them. This conceptualisation is widely spread in the literature (Morgan and Hunt, 1994).

In the 1990s, the researchers and the practitioners have paid much more attention to relationship marketing and it has become a major issue in the marketing literature (Ballantyne *et al.*, 2003). Morgan and Hunt (1994) define relationship marketing as the marketing activities that aim at building and maintaining a fruitful and prosperous relationship exchange with the customers.

Aka *et al.*, (2016) state that relationship marketing involves establishing and building a long term relationship and this relationship is described as a strategy between parties (suppliers and customers) who are involved in a transaction. Ibidunni (2012) states that relationship marketing is establishing, maintaining and enhancing the relationship with customers and stakeholders. Gronroos (2017) states that relationship marketing is to build, maintain, and support the relationships with partners and customers to make a profit. So, the aims of the parties or partners are met.

Peterson (1995) states that the concentration of relationship marketing is to establish, maintain, and support relationships with buyers through interactive and value-added contacts over a long time. Later, Harker (1999) gives 25 definitions of relationship marketing and he asserts that relationship marketing is composed of seven elements that include building, development, maintenance, interaction, long-term nature, emotion, and output. Rashid (2003) states that relationship marketing is to build, maintain, enhance and even terminate relationships with buyers. Rasul (2017) states that one of the approaches to define relationship marketing is to focus on a company's ability to meet individual customer service needs. This ability enables the company to build long-term relationships with customers and it increases a company's profitability. The strategy of relationship marketing is customer-centric and it is more successful than other types of marketing strategies. The reason for the difficulty in defining relationship marketing is that this terminology reflects the fact of a company's ability to evolve and adapt to suit all businesses. The purpose of relationship marketing is to build and maintain relationships and working on enhancing those relationships when dealing with customers and stakeholders. Thus, relationship marketing aims to make profits and meet the partners 'goals. The goals can be achieved through mutual exchange and mutual fulfilment of promises. So, the failure to define relationship marketing because the previous definitions do not define it from a customer-centric focus.

2.2.5- <u>Relationship marketing in Business-to-Business context</u>

The importance of building relationships in the context of business to business is widely recognised in the marketing literature (Pressey and Sellassie, 2007). Berry (1983) was the first researcher who coined the term, relationship marketing. Researchers have affirmed that relationship marketing is as old as commerce itself (Ballantyne *et al.*, 2003). Jaakkola (2007) states that the knowledge associated with purchasing behaviour that is supported and facilitated by the service providers is limited, and the buyers depend on gained experience or gathered information to make the purchasing decision. The service providers, who are interested to make their customers satisfied with the services, may allow their customers to express their preferences. This positively contributes to influencing the purchasing decision.

Setyawan *et al.,* (2019) state that there are a lot of problems in business-to-business markets include a relationship between the two companies (supplier and customer). The problems are related to changes in the environment such as switching cost, market concentration and risk. The companies change this relationship from rivalry to cooperation, then this relationship between the two companies transforms into a strategy in which risk can be reduced.

Walter *et al*., (2001) state that relationship can play a crucial role in suppliers through creating value resulting from the supplier relationship with buyers. The value is broken down into two types of value. The first one is the direct value, including the existence of profitable customers who represent cash flow customers, volume customers, and safeguard in a case of uncertainties and crises. The second value is the indirect value that includes innovation that helps the suppliers through networking innovation development, especially when customers have advanced technology (IT). So, the suppliers can deal with new customers through the existing ones. Also, new markets can be entered by the suppliers through the current customers' recommendations. The customers can be beneficial to the suppliers because the customers may have experience of dealing with other actors, such as banks.

According to Jemma and Tournois (2014), the concept of relationship marketing in business to business context emerged when the concepts of vertical integration and networked relationships emerged by the model introduced by Webster. Since then, there has been a shift from the transactional approach to the relational approach that focuses on long-term relationships.

Grönroos (2006) mentions that relationship marketing is not restricted to establishing relationships but also terminating relationships with customers and stakeholder members if necessary. In brief, companies are connected through relationship networks and the marketing activity interacts within the relationship networks. Trust and commitment are the major constructs in order to preserve the relationship (Stoltman and Morgan, 2002). Palmer (2001) states that the social relationships within organizations facilitate and enhance the trade relationships in western societies where many studies on this area have been performed. Zabkar and Brencic (2004) assert that commitment is an important element for a business-to-business relationship. This means that all parties entering into a relationship have the same beliefs about goals, policies and behaviour. Johnson and Cullen (2002) assert that trust is a crucial component in the relationship and the outcome of any relationship depends on a partner's behaviour and also their intentions.

Zhu *et al.*, (2006) state that much research has concentrated on building the relationship, taking relationship marketing into account as a universal term to study the area of the business relationship. The subject of relationship marketing has become a hot discipline because it facilitates the company's sales. Jackson (1985) affirms that business to business relationship marketing brings a lot of benefits to the companies, compared to transactional marketing. Hastings (2003) confirms that relationship marketing brings many benefits to both suppliers and buyers such as trust, commitment and stability.

2.2.6- <u>The impact of relationship marketing dimensions</u>

Zhang *et al.*, (2016) confirm that companies spend about 12 billion dollars per year on relationship marketing because they are aware of its importance. The researchers have proposed a lot of relationship marketing dimensions in order to understand the seller-buyer relationship.

The relationships of business should be well managed because keeping the current customers has cost advantages (Ritter and Andersen, 2014). Also, relationship marketing has a strong impact on the company's financial performance, especially inter-firm relationships (Samiee *et al.,* 2015). Furthermore, relationship marketing attracts companies' attention because of the real distance between the customer and the supplier. So, a lot of companies focus on the quality of relationship marketing (Leonide *et al*., 2014).

Relationship marketing results from a long-term relationship between suppliers and buyers. This relationship produces trust, commitment and loyalty (Cater and Cater, 2009; Sharma *et al*, 2006). So, relationship marketing enables a business to business context to compete strongly in the market (Cater and Cater, 2009; Morgan and Hunt, 1994). The component of commitment has a stronger impact on maintaining a long-term relationship between suppliers and buyers than other dimensions. This is because people engaged in the relationship will feel more comfortable when working with each other (Cater and Cater; 2009).

Relationship marketing encourages companies to invest in the relationship with customers because such investment is expected to establish a strong and trusting customer relationship (Palmatier *et al.,* 2007). When Jackson (1985) called for stronger relationship marketing in a business to business context, marketing researchers have paid enough attention to this topic (Standifer *et al*, 2010). Business to business relationship marketing establishes a strong relationship because it represents a social process among the concerned organizations 'members who play a big role in building commitment and trust for a successful relationship between organizations (Standifer *et al*, 2010).

Although there is no uniform definition of relationship marketing, the researchers have shown an interest in the business-to-business context since the 1990s (Theron and Terblanche, 2010). This is because building a strong relationship with customers can greatly contribute to enhancing marketing performance as a whole. Due to that, much more attention has been paid to the measurement of relationship marketing (Thomas, 2007). Although practising relationship marketing started in the 1800s, scholars and practitioners came back to use it at the start of 1990s (Theron and Terblanche, 2010).

The core of the business to business context is establishing relationships with the customers. The relationship represents an important asset to the company and the relationship with customers determines the future of any company (Cater and Cater, 2009). For the services in the industrial markets, factors such as trust, commitment, personal contacts and social bonds mean a lot in the business to business context (Kim *et al*, 2018). Cater and Cater (2009) assert that through the exchange process among companies, a lot of factors are being built such as personal confidence, friendship and familiarity. But (Berry, 1995) states that customer trust is the central target for relationship marketing. Schumann *et al.,* (2010) affirm that customer trust is the most powerful dimension of relationship marketing for suppliers. Theron and Terblanche (2010) state that the service provider is required to create value through relationship marketing in business-to-business context and trust is a key dimension of relationship marketing, whereas Dwyer *et al.,* (2005) consider both trust and commitment are the most important dimensions in relationship marketing.

2.2.7- <u>The relationship between relationship marketing and third-party logistics</u>

The major reason for the failure of the logistics outsourcing relationship is that commitment, trust and communication are lacking (Wullenweber *et al.,* 2008). Delerue (2004) states that this type of risk arises when 3PL users and providers entering into a relationship cannot understand each other. Knemeyer *et al.,* (2003) and Rajesh *et al.,* (2011) mention that the advantage of a long relationship between 3PL providers and users is mutual understanding and respect in which the partners can succeed. Even the 3PL user can gain competitive advantage by building a long relationship with 3PL providers (Coates and Mcdermott, 2002; Yeung, 2008).

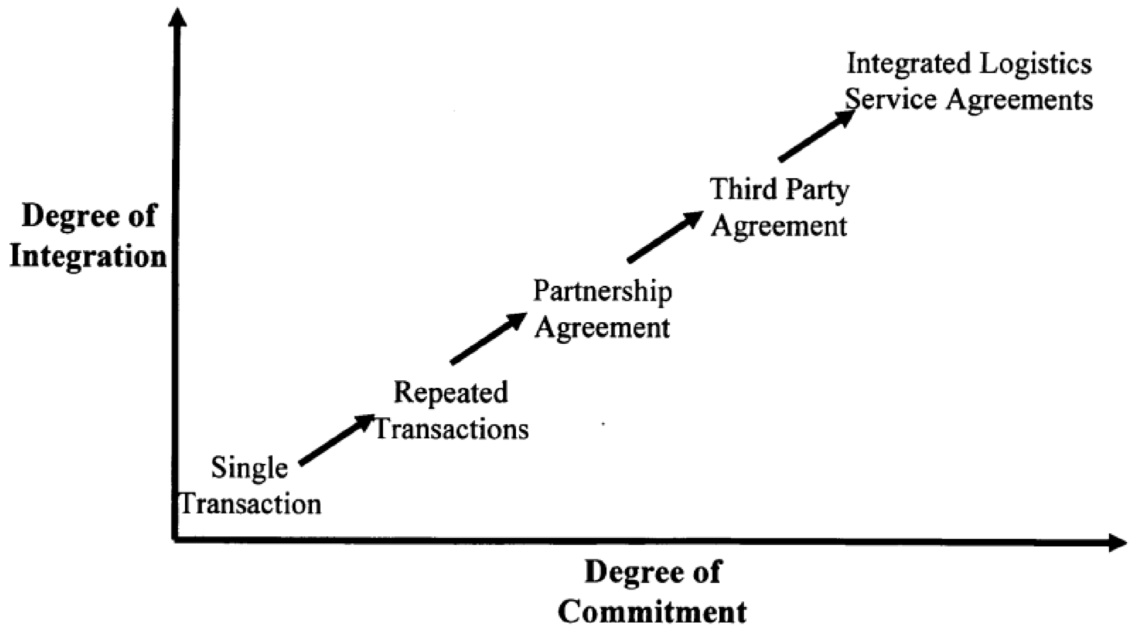
Studies on logistics outsourcing relationships reflect the fact that relationship marketing is very important in studies related to the relationship between 3PL users and providers. Practitioners and researchers are used to examining the effects of relationship marketing on the desired outcome such as customer satisfaction and customer loyalty (Knemeyer *et al.*, 2003). Sohail and Malikakkal (2011) assert that relationship marketing dimensions have an impact on relationship – marketing outcomes such as satisfaction and loyalty. The relationship between the 3PL provider and 3PL customer should be well investigated and studied to know the factors affecting this relationship (Marasco, 2008; Chou *et al*., 2015).

This study will examine two constructs of relationship marketing to examine the effect of those dimensions, trust and commitment, on the desired outcome of customer satisfaction.

2.2.8- <u>The relationship between the third-party logistics provider and user</u>

Many authors have tried to investigate the nature of the relationship between the 3PL provider and the 3PL user. Bowersox (1990) has found that there is a correlation between the degree of commitment and the degree of integration between the 3PL provider and the 3PL user. A single transaction is the basic level of inter-relationship between the 3PL provider and the 3PL user. An increase in the degree of integration and commitment will lead to increasing the horizon as shown in the figure (2.3) below, starting with a single transaction with the third party agreement reaching to the top, namely an integrated logistics service agreement where the inter-relationship between the supplier (3PL provider) and buyer (3PL user) reaches the summit. In other words, an increase in commitment and integration makes the relationship transfer from the very basic traditional level to a higher one.

Figure (2.3) explains the role of commitment in developing the relationship between the 3PL provider and the 3PL customer



Source: Bowersox (1990)

A study performed by Langely (2016), demonstrates how the relationship between the 3PL user and the 3PL provider evolves, starting with the tactical partnership where the partners concentrate on a short-term target. This type of partnership is different from a service partner and a strategic partner where the partners focus on long-term targets as shown in the figure (2.4).

Figure (2.4) shows the development of the relationship between the 3PL provider and the 3PL customer

Source: Langely (2016)

The figure shows how the relationship between the 3PL provider and 3PL user evolves gradually, especially in the strategic level where there is a strategic alignment of business in this stage and both partners share the return because they invest in this relationship. According to this study, there are three types of relationship as the following:

1- Tactical partner. It is also called traditional partner. This stage is based on transactions. In other words, on the transactions basis, there is no long-term contract, and the price is a big factor, and the partners are sensitive to the price. There is no bonding or relationship between the 3PL provider and the 3PL user. Both of them negotiate and focus on the price.
2- Service partner. This relationship is called operational partner. The third-party logistics arrangements are based on a long-term relationship and the 3PL provider and the 3PL

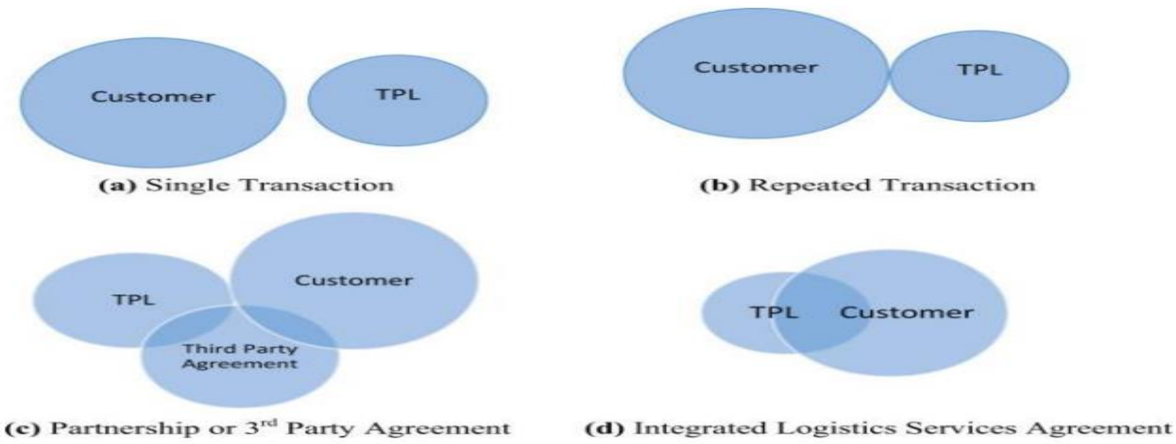
user negotiate contracts. The 3PL user is interested to gain industry expertise from the 3PL provider and the cost is not regarded as a big factor.

3- Collaborative partner or what is called strategic partner. This stage represents the outcome of a long-term relationship. The 3PL provider and the 3PL user consider each other as integral parts of the whole operation and both of them make sure that there is strategic alignment to achieve the goals.

Sharma and Choudhury (2014) develop a conceptual framework that is based on trust as a relational factor between the 3PL provider and the 3PL user. The model starts with the stage of a single transaction ending at integrated logistics service agreement.

In the first stage as shown in figure (2.5), a single transaction, where knowledge sharing and information exchange are limited. This stage represents the starting point that may convert into a long-term relationship between the two partners. The 3PL user, in this stage, outsources basic services such as transportation and warehousing. Moving to the next stage is relevant to this level of transaction. Thus, the 3PL provider is required to offer the best services to the 3PL user. If this occurs, the 3PL user becomes willing to continue business with the provider for a longer time.

Figure (2.5) explains the role of trust in relationship development between the 3PL provider and the 3PL customer.



Source: Sharma and Choudhury (2014)

Figure (a) reflects this fact where the mental circles (models) for the 3PL provider and the 3PL user are separated. This reflects the stage of Arm's Length relationship between them. This means the price is the most important factor for both actors. The resources are not shared by the actors and the communication is restricted to only the customer's requirement. In addition to that, the 3PL provider gives very limited information. This is because trust is non-existent and there has been information asymmetry that reaches its peak. The customer experience is the strongest factor for future transactions. Knowledge asymmetry is at maximum during this stage because the 3PL provider and user's knowledge is tacit. In other words, there is no knowledge transferring in this stage.

The second stage is called Repeated Transaction. If the previous stage succeeds, the 3PL provider and the 3PL user will move to this stage. So, the 3PL user is satisfied with the logistics services offered by the 3PL provider and the customer is willing to continue the relationship with the 3PL provider. Figure (b) reflects the fact that the relationship changes from the basic relationship, Arm's Length, into closer interaction between the mental circles due to the increased trust. The logistics activities offered by the 3PL provider are wider and the activities are performed more efficiently by the provider. The trust develops in this stage. Thus, information asymmetry and knowledge asymmetry are reduced compared to the previous stage. Both firms' knowledge becomes explicit and some knowledge transfers between the two companies. The 3PL provider focuses more on the 3PL user's activities that were unknown in the stage of Arm's Length. The resources are not shared yet and information exchange between the two companies is still limited.

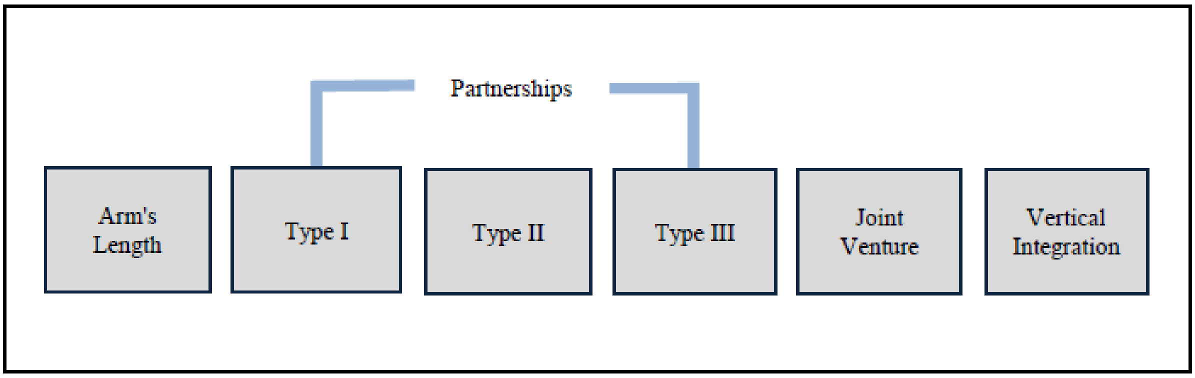
The third stage, as shown in figure (2.5), is the Third Party Agreement. This stage of relationship development between the 3PL user and the 3PL provider is known as Partnership Agreement. The success of the stage of repeated transaction stage will lead to partnership agreement between the two companies. In this stage, the 3PL provider gives the 3PL user logistics services that are tailor-made for the user's needs. Trust develops and it plays a crucial role in this stage. Also, there are a lot of interactions between the two organizations and there is information exchange between them as well. The figure (c) explains that the mental circles have started to overlap but only to some extent because of the cultural barriers. The resources between the two partners are shared. During this stage, information asymmetry and knowledge asymmetry have been reduced as shown in figure (c). The knowledge between the companies becomes more explicit and knowledge transfers between them. The 3PL provider tries to develop exclusive logistics services to the 3PL user.

The fourth stage is the Integrated Logistics Service Agreement. This stage is regarded as a strategic alliance between the 3PL provider and the 3PL user. The mental circles are overlapping as shown in figure (d). This means that the 3PL provider and the 3PL user are highly integrated because the factor of trust reaches its peak. Also, cultural differences and mental barriers are removed. The 3PL provider and the 3PL user share risks and rewards resulting from this alliance. They share resources and both of them are aware of the decisions made by them namely, transparency. The information exchange is continuous between them because information asymmetry is not existent. The knowledge asymmetry is at minimum. Thus, this symmetry provides stability to the partners in this stage.

Lambert *et al.,* (1996), strive to tell the difference between Arm's Length, Partnership and higher forms of partnerships, namely Joint Ventures and Vertical Integrations. They affirm that not all relationships are partnerships. A partnership is time, cost, and effort consuming. So, not all 3PL providers can consider their clients as partners, taking into account the scarce resources dedicated to the beneficial relationship that represents partnership. Lambert *et al.*, (1996 p.2) define partnership as " tailored business relationship based on 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" . Ellarm and Krause (1994, p.43) define partnership as "an on-going relationship between firms which involves a commitment over an extended time period, and a mutual sharing of information and risks and rewards of the relationships". As noted, one of the definitions of partnership focuses the light on trust, whereas the second one concentrates on commitment. This means that the two constructs are very important to measure the quality of relationship between the 3PL provider and the 3PL user.

As shown in figure (2.6), Lambert *et al.,* (1996) identify, in his seminal work, Arm's Length as the transaction between the seller (3PL provider) and the customer (3PL user) and both of them are independent and faceless. Either one of them is free of any relationship between the seller and the customer. This means that both parties aim to make their own interest and neither one of them exerts power over the other (Gardner *et al.,* 1994). There is one transaction or many transactions between the supplier and the customer (Grant *et al.,* 2006). In addition to these features, the element of cooperation between the two parties is not required and there is no win-win situation for both parties and if the seller wins, this means that the buyer loses and the opposite is true (Kampstra *et al.*, 2006). According to Sonkova and Grabowska (2015), the difference between transactional marketing and relationship marketing are concentration, timescale, customer commitment and customer contact. Relationship marketing focuses on customer retention, long – term relationship, high commitment and high contact. However, transactional marketing concentrates on obtaining new customers, short-term relationship, limited commitment and limited contact.

Figure (2.6) explains the types of relationships in business-to-business context.



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

Arm's Length is the opposite of relationship marketing (RM) where both parties, the two businesses, are winners because RM encourages the two parties to involve in high-risk transactions and both of them make sure that the party will not hurt the other. This means that there is a change from the traditional relationship into the modern relationship that focuses on a long-term relationship between the seller and the buyer, taking into account the constructs of trust and commitment.

Lambert *et al.*, (1996) state that there is a difference between partnership from the first stage and joint venture and vertical integration from the second stage. Joint venture and vertical integration require a degree of shared ownership between the seller and the buyer. They identify three types of partnership as shown in figure (2.6). Type I where both parties recognize themselves as partners but to a limited extent. This partnership has short-term concentration where both organisations focus on a certain area. In Type II, both organizations coordinate activities and this type of partnership has a long-term horizon. Also, both companies focus on many areas. Type III means that both organisations regard each other as an extension of the other firm and there is no ending date for this partnership.

2.2.9- <u>Trust</u>

Dyer and Chu (2000, p58) define trust is "one party's confidence that the other party in the exchange relationship will not exploit its vulnerability". The following definition of trust is suitable for this study and it will be reflected in the questionnaire. Trust is the reliance on another party's word and each party is committed to fulfilling obligations and both of them are willing to cooperate with each other. Also, both parties seek to develop understanding with each other and they have a conviction that each party's decision and actions reflect honesty and this will lead to mutual benefits and reduce risks as well (Franklin, 2014). Castaldo *et al.* (2010) define trust in business relationship as a company's willingness to rely on another exchange partner, believing that the exchange partner's capability is able to gain shared benefits.

As noted, the majority of definitions focus on trust in the business-to-business context. The supplier and the user will work closely together to achieve successful outsourcing relationship gains that will generate efficiency and productivity that cannot be achieved if the company works alone.

The topic of trust includes the subjects of integrity or what is called credibility, benevolence and ability, the trustee is expected to keep his written statement or word and the trustor can rely on the word or the written statement and this is called the credibility of exchange partner, whereas the ability refers to the trustee's ability to influence the trustor because the trustee has a group of skills and competencies that entitle him to exert influence, to some extent, over the trustor. Benevolence means that the trustee is eager to maintain a trustor's welfare and the trustee is encouraged to serve the trustor (Tian *et al.*, 2008). This research will focus on the trust of credibility and benevolence.

The literature on trust affirms that trust is an influential factor in the outsourcing relationship (Mazzola and Perrone, 2013; Sambasivan *et al*., 2013). In this context, trust is considered as a social dimension of success (Schoenherr *et al*., 2015). It greatly contributes to the benefits of the relationship between the seller and the buyer (Palvia *et al.*, 2010). It is regarded as an important dimension in the process of social exchange (Blau, 1964). It is a company's relational capital (Sambasivan *et al.*, 2011). It reflects the degree of integration between partners entering into outsourcing relationship (Sambasivan *et al.*, 2010). It can maximize returns on investment and reduce cost and it is the major factor that leads to a successful outsourcing relationship (Schoenherr *et al*., 2015). Also, it is a difficult factor to be formalized in the outsourcing relationship (Jain *et al*., 2011).

Lalonde (2002) states that risk and trust are the most important factors in supply chain relationships because outsourcing relationships between firms involve higher levels of interdependency between organizations. Trust leads to creativity (Arnulf *et al.*, 2005). It helps the companies to build their capabilities (Corsten and Kumar, 2005). Also, a higher level of trust will increase cooperation between the partners, namely 3PL providers and 3PL users, and this will lead to higher levels of partnership performance (Johnston *et al.*, 2004). Dyer and Chu (2000) mention that trust is the major construct that is able to create value through the competitive advantage for the relationship between the 3PL provider and 3PL user. Lack of trust is expected to lead to failure in the logistics outsourcing relationship (Tian *et al.*, 2008) and leads to a decrease in productivity, effectiveness and efficiency (Kwon and Suh, 2004). Failure to build the construct of trust early between the partners will lead to unsuccessful outsourcing relationship (Bowersox, 1990).

Variables such as mutual understanding, communication, and trust have an impact on the success of outsourcing relationship (Halim *et al.,* 2014). Lee and Choi (2011) state that trust is very important in all phases of the outsourcing relationship. So, distrust can badly affect the outsourcing relationship between the seller and the buyer. Syed *et al.*, (2015) state that trust is important to build business relationships because it supports performance, communications and satisfaction.

A lot of studies on supply chain look at the construct of trust from business-to-business context (Anderson and Narus, 1990). Also, the factor of trust directly affects the organisation's performance. Trust is the beliefs and emotional aspects between individuals and it can be applicable to business-to-business setting (Mouzas *et al.,* 2007). Ha *et al*., (2011) state that if someone trusts somebody, then this someone believes that this body is not expected to harm him or her. So, there is no need for safeguard actions. Ha *et al.,* (2011) assert that trust in the business-to business context is widely studied in the supply chain and the concept of trust is measured by diverse dimensions such as capability, honesty, openness, unique skills, knowledge and mutual respect.

Bagchi *et al.,* (2005) affirm that trust plays a crucial role in forming a long-term relationship and it leads to cooperation between the supplier and buyer. Building trust results in building a cooperative partnership between the supplier and the buyer and this type of partnership will increase the organisational performance in the supply chain (Sinkovics and Roath, 2004). Building trust is very important to develop and improve the competitive advantage to suppliers and buyers (Jap, 2001). It is very important to customer satisfaction as well (Papadopoulou *et al.,* 2001). In order to make the logistics activities efficient, both partners (supplier and buyer) are required to build trust at the beginning and it will develop over time. Also, this construct should be assessed by the buyer because the supplier is responsible for creating value and the customer should evaluate this value (Ha *et al.,* 2011).

Trust supports cooperation in the outsourcing relationship. Also, it promotes information sharing in the seller-buyer relationship (Fu *et al*., 2017). It is seen, in many studies, as the best useful governance mechanism in the seller-buyer relationship (Weber *et al*., 2017). It is very important in the relationship between the 3PL provider and customer because it reduces opportunism (Yuan *et al.,* 2018). It also helps companies to gain value through inter-organizational collaboration and it prevents the partner from adopting any opportunistic behaviour (Yuan, 2018).

The construct of trust is very important in any relational exchange since trust leads to reducing the risk in the process of relational exchange (Natovich, 2003). Also, it can prevent any partner from adopting opportunistic behaviour (Lander *et al.,* 2004) and it reduces the complexity regarding decisions and technology. Trust is important to the business-to-business context as it is difficult to monitor the opportunistic behaviour and risks associated with the outsourced activities (Oh and Gallivan, 2003). Risk can be reduced by trusting the seller and trust can also reduce the fear associated with opportunistic partners (Randeree *et al.,* 2008). Trust is difficult to be improved between the seller and the buyer involved in an outsourcing relationship because of a lack of prior relationship (Natovich, 2003). Trust may result from the supplier's reputation and capabilities (Gefen *et al.,* 2003). For example, if a 3PL user is willing to outsource non-core competencies, the customer may prefer to deal with DHL over other new companies because of its global reputation as a logistics company. Therefore the customer is sure that this company will meet the logistics buyer's needs.

Trust in the business-to-business setting or what is called inter-firm trust means that a company has expectations that the partner will not act against a company's interest. So, the company is willing to be vulnerable to the partner (Vosselman and Meer-Kooistra, 2009). Trust in the B2B setting means that the partner has skills to serve the company and the partner is honest and inclines to keep its promises and word. Also, the partner has positive intentions toward the company's interest (Nicolaou *et al*., 2011). Trust in B2B reduces the need for formal safeguard because it reduces risk and behavioural uncertainty (Vosselman and Meer-Kooistra, 2009). Also, it supports performance and stability in the relationship (Anderson *et al*., 2015).

Trust is the centre of all types of relationships (Gefen *et al.*, 2003). It is the important factor that helps the supplier and the buyer to understand each other, and the management of the relationship is required to build trust between the provider and the buyer to make the outsourcing relationship successful (Koh *et al.*,2004). Trust in the business-to-business setting leads to a closer relationship and the need for contact between them becomes less because the selection of control mechanisms is flexible (Jeffries *et al.*, 2000). Trust can increase if the relationship between the provider and the customer succeeds. If the relationship between the supplier and the buyer does not succeed, this unsuccessful relationship is expected to poison the partnership between them and it will be terminated (Kishore *et al.*, 2003). If a successful prior relationship exists, then trust will increase and the risk will be mitigated and the relationship will also strengthen (Susarla *et al.*, 2003). A long-term relationship comes as a result of the positive outcomes produced by the prior relationships and equitable treatment (Ho *et al.*, 2003).

At the beginning of the relationship between the seller and the buyer, initial trust should exist in this relationship because it will develop a collaborative relationship (Anderson *et al*., 2015). Langfield-Smith (2008) states that if there is initial trust at the beginning of the relationship between the seller and the buyer, this will mitigate transaction risks.

Trust helps the business-to-business setting to solve problems related to risks and stress. This will increase productivity and adaptation (Han *et al.*,2014).On the contrary, a lack of trust in the business-to-business context decreases or damages productivity in the relationship in which risk will increase (Hassan *et al.*,2016). Chen *et al.*, (2014) assert that lower trust in the business-to-business setting will decrease loyalty but trust in the outsourcing relationship is expected to support creativity, innovation and productivity. So, each thing related to value is built on trust from relationships to financial systems (Hassan *et al.*, 2016).

Ashnai *et al.*, (2016) mention that a company's reliance on another company, i.e., business-to-business setting, originates from a business relationship that is based on trust. This trust is directed towards the mutual goals of the two companies. Thus, trust is considered as the basis for any relationship between the organizations. This fact is supported by many studies. For example, Blois (1991) concludes from his study that when a company relies on another company to perform risky transactions, this is to obtain the benefits to the two companies. Similarly, a study performed by Friman *et al.*, (2002) asserts that the two companies' reliance on each other aims to achieve mutual gains. Furthermore, Tyler and Stanley (2007) conduct a study related to trust and they reveal that trust in a business relationship is built on the fact that each company strongly believes that its existence and its future are widely dependent on the business relationship. Wang *et al.*, (2008) state that trust is focused on the company's belief that another company, partner, will perform tasks in order to gain shared benefits.

The major reason for outsourcing relationship failure is attributed to a lack of trust (Lambert *et al.*, 1999). Trust plays a big role in improving the relationship between the 3PL provider and the 3PL user and it is the key success factor in outsourcing the relationship (Ganesan, 1994). Trust leads to cooperation between the 3PL user and the 3PL provider and it enhances the business-to-business relationship (Johnston *et al.*, 2004). Trust greatly contributes to building the company's intellectual capital that is important to the organisation's sustainability (Kozuch and Jablonski, 2017).

The outcome of trust is cooperation and trust exists when a company widely believes that the partner is honest and benign. In the 3PL context, this is when the 3PL user trusts the 3PL provider. This is attributed to the belief that the 3PL provider is interested to take actions which are useful to the 3PL customer. Also, the 3PL provider is knowledgeable and expert in the provided logistics services. A lack of trust among persons in society will result in distrust among companies as well and it poses a real obstacle to the economy (Olah *et al.,* 2017).

2.2.10- Commitment

Although the demand for outsourcing is increasing among companies all over the world, the number of unsuccessful outsourcing cases is also high. This is because of unsuccessful outsourcing relationships between the 3PL providers and the 3PL users. So, more studies are needed to know how to manage the business process of outsourcing between the provider company and the customer company (Chou *et al.*, 2015). Many studies have been conducted to focus on the importance of commitment and customer satisfaction in the process of outsourcing (Rai *et al.,* 2012; Han *et al.,* 2008; Goo and Huang, 2008).

Commitment means the ability and willingness of the 3PL provider to develop and maintain a long-term relationship with the buyer, the 3PL user (Goo and Huang, 2008). This relationship marketing dimension is defined by Morgan and Hunt (1994, p.23) from the business-to-business context as “an exchange partner believing that an ongoing relationship with another is important and warrants maximum efforts at maintaining it;” and this definition suits this study where the 3PL customer is willing to continue the relationship with the 3PL provider. . Commitment can be defined as a company’s willingness to agree with a partner to sacrifice in short–term gains in order to gain the long-term benefits (Chou *et al.,* 2015).

According to Scanzoni (1979), the relationship between the partners develops through a process that consists of five phases. The first phase is called awareness. In this stage, there is a recognition that there is a suitable exchange partner. There are no interactions between the partners. They just try to position themselves in a way that increases attraction between the possible companies. The second phase is called exploration. This stage includes trying to search for the best exchange partners, taking into account many considerations such as benefits, burden and obligations. The third phase is called expansion. Trust begins to exist between the exchange partners. Also, interdependence and satisfaction increase. The risk between the dyadic relationship will increase too.

The fourth stage is commitment. If the relationship develops between the seller and the buyer, this will lead to commitment that reflects the partners' willingness to continue the relationship. The process of exchange will produce benefits to the two parties. The construct of commitment is established between the two exchange partners based on two assumptions. The first assumption is that the partners provide the relationship with levels of inputs such as assets bought by the partners. The second assumption is that both partners widely believe that this relationship will be prosperous in the future and it will continue as well. The last step in the relationship between the partners is dissolution. This stage is the stage of terminating the partnership where a partner evaluates dissatisfaction and finds that the cost of this relationship outweighs the advantages resulting from this relationship. Thus, the partners negotiate in order to terminate the relationship.

The outsourcing relationship produces outsourcing outcomes such as customer satisfaction and organisational performance. So, a lack of commitment leads to switching to another logistics provider and this means extra cost (switching cost). This will negatively affect the service provider's business (Chou *et al.,* 2015). The concept of commitment plays a crucial role in the decision of switching to another partner because of the switching cost. The outcome of committed partners engaged in a working relationship is an increase in the level of social capital, while the lack of commitment leads to a decrease in the social capital (Moe *et al.,* 2013).

What increases commitment in an outsourcing relationship is that the 3PL provider understands the 3PL user's needs and requirements (Susarla, 2010). This means that knowledge sharing between the provider and the clients increases the commitment between them. This knowledge is associated with the provider's capability to boost partners' performances and commitment (Susarla, 2010).

The difference between trust and commitment is that trust reflects the logistics user's belief about honesty and benevolence and whether the customer is convinced that the provider is able to meet the future user's requirements or not (Goo and Huang, 2008). Commitment is composed of both belief and behaviour that reflect the customer's intention to continue the relationship and the desire to maintain the relationship (Rai *et al.*, 2012). In other words, commitment means customer satisfaction and loyalty to a certain provider, while trust includes a provider's ability to meet the future 3PL user's needs.

Chou *et al.*, (2015) state that commitment in outsourcing is a forward-looking measure that looks at the future of the relationship between the provider and the user. It is a sufficiently complete condition that makes the relationship between the two parties last for a long time. Goo *et al.,* (2009) assert that commitment does not only reflect the customer's belief regarding its intention about the provider, but it is also a strong sign of the existence of a stable outsourcing relationship between the customer and the provider and reflects the customer's willingness to invest in the relationship. Thus, commitment is considered as a long-term evaluation of the outsourcing relationship. Also, few studies have been done on the construct of commitment and the relationship between the provider and the customer (Chou *et al.*, 2015). Thus, this study addresses this gap as well.

If the partners take the term of commitment into their accounts, then commitment becomes the greatest motive in their work. They will achieve their goals and they will strive to develop and maintain the relationship (Morgan and Hunt, 1994). Commitment is regarded as an important factor in developing a long-term relationship in the business-to-business context and also in the marketing channels (Kumar *et al.,* 1995a). There are three types of commitment in the marketing literature. Affective, normative and calculative commitment.

Sharma *et al.,* (2006) state that the construct of commitment is widely used in the organizational research, but nowadays marketing uses this terminology to measure the relationship between the committed partners such as distribution channels, the seller and buyer relationships, and strategic alliances.

Roxenhall and Andresen (2012) state that the marketing literature has focused on commitment by paying much more attention to the affective and calculative commitment. Fullerton (2005) mentions that it is very common to operationalize affective commitment to measure the construct of commitment. The affective commitment and the calculative commitment are included in this study.

Affective commitment is when a committed partner has positive feelings about a relationship with a partner. The committed partner identifies himself with his partner and he feels committed to the partner with whom he has a relationship with (Cater and Cater, 2010; Bansal *et al.,* 2004). The committed partner does not pay attention to the economic outcome resulting from this relationship. This type of commitment cannot be valued by economic calculations. The affective committed partner inclines to preserve the relationship for emotional reasons. Also, this type of partner trusts his partner as well, and the committed partner is satisfied with this relationship (Roxenhall and Andresen 2012).

Calculative commitment is the second type of commitment. The calculative committed partner feels that he is obliged to continue this relationship. So, this type of commitment is called "continuous commitment". This obligation is because of the costs. The costs are expected to increase when the committed partner plans to terminate this relationship. So, the calculative committed partner has no choice and he is obligated to continue this relationship (Cater and Cater, 2010; Sharma *et al.,* 2006). This means that this type of relationship is preserved by economic costs and the partner feels locked in. Roxenhall and Andresen (2012) assert that this type of commitment has two dimensions. The first dimension is the negative dimension. This means that the calculative committed partner feels locked-in because the relationship-specific investments have been made in knowledge, money, time, and effort. Thus, if the partner plans to leave this relationship, he will lose everything and he or she may need extra money in order to establish a new relationship with a new partner. The second dimension is the positive dimension. This dimension is associated with the future value that includes the future gains such as money, knowledge and time.

It has been noticed that if a partner has no alternative relationships, then he will be forced to be a calculative committed partner.

This means that affective commitment represents positive motivation for continuing the relationship between the seller and the buyer, while calculative commitment represents a negative motivation to continue the relationship between the seller and the buyer (Cater and Cater, 2010).

The last type of commitment is normative commitment. The normative committed partner feels that he should be responsible for the continuity of this relationship for moral reasons (Meyer and Smith, 2009). The word "should" means that the committed partner cannot influence or change. This is related to an obligation coming from rules, formality and informality, regulation, customs, and social norms. The rules are rarely stated in the contract but they are implicit (Cater and Cater, 2010; Sharma *et al.,* 2006). This means that the calculative committed partner may end the relationship for reasons related to business, whereas it is difficult for the normative committed partner to terminate the relationship because of social pressure (Roxenhall and Andresen 2012).

2.2.11- <u>Relationship marketing and customer satisfaction</u>

Vavra (2002,p.5) defines satisfaction as "a customer's emotional response to his or her evaluation of the perceived discrepancy between his or her prior experience with and expectation of product and organization and the actual experienced performance as perceived after interacting with the organization and consuming the product". This means that customer satisfaction is the outcome of a comparison between expectations with performance. Oliver (1997, p.325) states that "expectations are central to the satisfaction of the customer because, in their later variations, they provide a standard for later judgment of product performance". Thus, satisfaction is influenced by expectation and that is very important (Oliver, 1997). Thus, if the perceived performance is greater than expected, then the customers are satisfied and the opposite is true.

Hersh (2014) states that companies invest a lot of effort, time, and money in order to pursue the strategy of relationship marketing in order to retain existing customers instead of acquiring new ones. This strategy is helpful especially when the competition is intense among companies working in a certain industry and the customers are surrounded by many offers coming from competitors. So, it is important to understand the customer's needs in order to strengthen the relationship with him or her, and then the profits will increase. Hence, it is very important to put all the focus on increasing the level of customer satisfaction. The role of relationship marketing is to guide how to make the customer satisfied and relationship marketing is the protocol followed in order to make the customer happy (Aalton, 2004).

Morgan and Hunt (1994) state that trust and commitment are the major constructs in a supplier-buyer relationship. Thus, the relationship is gauged by trust and commitment because when a channel member (X) trusts its partner(Y), this means that the company (X) is expected to feel secured because of the belief that the partner has honest intentions (Geyskens and Steenkamp, 2000). Thus, this increases customer satisfaction (Andaleeb, 1996). The reason for the positive relationship between commitment and customer satisfaction is that both committed partners can reach their individual and collective goals. Hence, commitment results in a higher level of customer satisfaction. This is expected to preserve the supplier-buyer relationship (Chang *et al.,* 2012).

Aka *et al.,* (2016) state that trust and commitment are the major determinants of relationship marketing and the two constructs affect customer satisfaction. The service provider or the supplier (3PL provider) delivers the promises. Since then, the customer (3PL customer) trusts the supplier's promises. Commitment is the major relationship marketing element between the customer and the supplier. This element includes establishing, building, maintaining, satisfying and sustaining a long-term profitable relationship. Samiee *et al.,* (2015) state that the central variables of relationship marketing are trust and commitment. Jemaa and Tournois (2014) confirm that there are lots of major elements of successful relationship marketing; but there are many studies carried out by a lot of researchers that focus on trust, commitment, and customer satisfaction. These studies aimed at gauging the quality of relationship between the seller and the buyer.

Any model used in marketing and service marketing can be used in logistics in general, especially in the studies of third-party logistics (Grant, 2007).

Rodríguez *et al.,* (2006) conduct a study to examine customer satisfaction in the supplier-customer relationship, namely the manufacturer-distributor relationship. The result has pointed out that commitment has a positive relationship with customer satisfaction.

Mbango and Phiri (2015) perform a study to examine the impact of trust on customer satisfaction in the cement industry in South Africa in the context of business-to-business relationship using self-administrated questionnaires. The findings have indicated that there is a significant relationship between trust and customer satisfaction.

A study performed by Aka *et al.*, (2016) has proved that trust and commitment increase customer satisfaction. Bricci *et al.,* (2016) perform a study on the distribution sector and they have found out that trust increases customer satisfaction.

Gilaninia *et al.,* (2012) carry out a study on the effects of commitment and trust among members of a textile product supply chain on customer satisfaction. The result has indicated that there is a positive relationship between commitment and customer satisfaction. Also, there is a positive relationship between trust and customer satisfaction.

Akmar and Yorur‘s (2012) study on business-to-business context, manufacturer and supplier has indicated that higher levels of commitment and trust will lead to higher levels of customer satisfaction.

Sanzo *et al.,* (2003) conduct a study on the industrial companies. The result has indicated that an increase in the construct of trust will lead to an increase in customer satisfaction.

Duarte and Davies (2004) perform a study to examine the importance of trust in channel relationships. This study has shown that there is a significant relationship between trust and customer satisfaction.

The hypotheses of relationship marketing

H3: Higher levels of trust positively affect customer satisfaction.

H4: Higher levels of commitment positively affect customer satisfaction

The above-mentioned hypotheses are linked to the second research objective.

2.2.12-**Summary**

The section explained the quality of relationship between the 3PL provider and the 3PL customer in the third-party logistics industry. The commitment-trust theory of relationship marketing was discussed. Also, the role of relationship marketing dimensions was taken into account to measure the quality of the relationship between the 3PL provider and the 3PL customer. This section illustrated the role of trust and commitment in the outsourcing relationship between the 3PL provider and the 3PL customer. The section also discussed the impact of these constructs on customer satisfaction.

<u>The third section: The relationship power between third-party provider and user</u>

2.3.0- Introduction

Power as a concept is widespread and is observed in the seller-buyer relationship studies. This is so because, in the power asymmetry in the seller-buyer relationship, the seller can set the rules (Hingley *et al*., 2015). Other studies focus on power from interdependency perspectives related to resources (Belaya *et al*., 2009). Also, other studies shed more light on power in seller-buyer relationships (Meehan and wright.2012; Toubolic *et al*,.2014). Power asymmetry often tends to apply coercive power (Hausman and Johnston, 2010). Coercive power always uses penalties and sanctions to control the other party (Terpend and Ashenbaum. 2012). The opposite of coercive power is non-coercive power that affects seller-buyer relationship positively. This type of power increases motivations and cooperation in the relationship (Lacoste and Johnsen, 2015). A large number of scholars have conceptualized power in the seller-buyer relationship (Ireland and Webb, 2007; Thomas *et al.*, 2010; Lacoste and Johnsen, 2015; Chicksand, 2015). Some scholars consider power as a destructive element in the seller-buyer relationships (Nyaga *et al*., 2013) others do not consider power a destructive element (Belaya *et al.*, 2009).

This section sheds the light on the terms of power, power asymmetry and their interdependencies. It discusses how the stronger actor whose resources and skills, the seller, can exercise coercive power over the weaker actor, who needs the resources in the seller-buyer relationships.

2.3.1- Definition of power

Power plays a crucial role in the relationship between organizations (Zhao *et al.*, 2008). It is important to analyse power between partners in order to understand the behaviour of each partner. For example, the stronger actor may take advantage of the weaker partner because the weaker partner depends on the stronger one. Thus, the stronger member may impose terms of trade that serve the stronger actor's interests. Power in the inter-firm relationship is more likely to affect the flow of benefits between the supplier and the customer (Essabbar *et al*., 2016).

The term of power can be defined depending on the field. This term is not only for the subject of business and marketing but also for the social sciences (Essabbar *et al*., 2016).

Koning *et al.,* (2011) confirm that the terminology of power is confusing although it is widely used in literature and defining the term of power is difficult.

Weber (2009) defines power as the likelihood of an actor in a relationship who is capable of conducting his own will despite resistance. Handley and Benton (2012) define power as one party's ability to modify another party's behaviour.

Turner (2005) defines the term of power as the ability to influence people or society in order to make them do something that cannot be achieved without this influence. Wang *et al*., (2015) mention that power is a party's ability to control other parties' behaviour. The previous definitions are broad ones which include a party that exercises control over other parties through obliging them to do things that they are unwilling to do.

However, the previous definitions of power did not define power from distribution channels perspectives. Power is a channel member's ability to control and influence another channel member's decision variables at a different level (El-Ansary and Stern, 1972). This definition reflects what is called power asymmetry between two distribution channel members. This definition is heavily reliant on Emerson's (1962) definition of power and Simon's (1953) definition as well. In other words, these definitions depend on the amount of power held by a channel member. Al-Ensary and Stern, (1972) define power as the channel member being capable of influencing another channel member's decision of variables, whereas Wilkinson

(1974) states that power can be considered as the company's ability to influence another company's behaviour and/or the decision making.

Power is the ability of an individual to modify or make changes in others' states by providing them with or depriving them of resources or administrating sanctions (Keltner *et al*., 2003). This definition of power is in line with El-Enasry's and Stern's (1972) definition. Emerson (1962) looked at power from the dependence perspective. For example, the actor A has power over actor B and this means that actor B is dependent on actor A. Therefore, if a wholesaler exercises power over a retailer, this is because the retailer is dependent on the wholesaler. This is resulting from the retailer's conviction that the wholesaler is able to achieve the retailer's goals. So, if the retailer finds a better alternative to achieve its goals, it may switch to the alternative relationship but the switching cost should be taken into account.

According to Simon (1953), he considers power as a source of power that is used as an index of influence. This may reflect exercising power and influence over other channel members; for example, when a manufacturer advertises directly to clients. The advertisements represent a source of power over the supplier who has distributed this brand. Thus, the relationship between the magnitude of the advertisements and the increase in sales represents an index of power exercised by the manufacturer over the supplier. Simon (1953) states that a channel member that has the source of power may not use that source or the source of power may increase over time.

Theories of social influence reflect the relationship between the terminologies of power and influence (French and Raven, 1959). According to Turner (2005), the standard theory of power confirms that the ability to influence others who need the resources owned by the influencing agent. This makes the other parties dependent on the influencer in order to satisfy their needs and to reach their goals. Thus, possessing different kinds of resources gives different types of power that exerts different types of influence. Also, the definition of power given by Simpson (2015) emphasizes the link between power and influence. He states that power is an individual's ability (the source or power holder) to exert influence over other individuals (the target) to get some outcome and the source is able to resist any influence coming from the target. This definition puts all the focus on personal relationships but it can be applicable to organizations as well.

To sum up, there is no agreement among authors about the definition of power because the terminology is ambiguous and the definition depends on the discipline. For example, economists define the term of power based on the value gained from the relationships among businesses. This means that the concentration is on profitability (Rehme *et al.*, 2016).

2.3.2- <u>The source of power</u>

Two actors (A, B). A influences B because A has a source of power (He *et al.,* 2013). The source of power is the basis of power because the actor A has a source of power such as scarce resources, knowledge, skills and expertise. The actor of B needs the source of power possessed by actor A (Essabbar *et al*., 2016).

As explained in the last section, power is important for the social relationships and it affects the channel relationships too. According to Hopkinson and Blois (2013), the psychologists French and Raven noted that the power holder exercises many types of power over the weaker persons. Later, Bier and Stern transferred this theory from the personal level to the organizational level of the marketing channels. Thus, when a group of companies belongs to a certain supply chain, their power has effects on inter-firm relationships. Thus, both of them, the power holder (source of power) and the power target (which power is exercised over) should be frank and they have to acknowledge that power exists among them.

They should take the necessary steps if something wrong happens in order to manage the supply chain effectively (Maloni and Benton, 2000). Bandyopadhyay (2013) states that once a company deploys a source of power, this is to make the other firms do certain activities and that makes the former company use its source of power, or use influence strategies toward other companies. These firms are called the source firms, while the other firms where influence strategies are exercised over are called the target companies.

Some thinkers widely believe that power lies in the resources owned by the holder of power. The resources are needed by the target. Others believe that power lies in the power holder's ability to reward others, namely the target, or punish them. This ability results from possessing the resources that are needed by the target (Etgar *et al.*, 1978). This dependence can be defined as a company's need to develop a relationship with another company in order to get the desired goal. So, if company A depends on company B, this means that company B has power over company A.

According to the resource dependency theory, a company can survive only if it is able to secure its critical resources from external sources. The resources possessed by the company B represent physical resources such as semi-finished goods, raw materials, etcetera; or it has non-physical resources such as skilful labour, non-skilful labour, financial staff, expertise, reputation and information (Chaurasia, 2014). This goes for the relationship power between the third-party logistics provider which has the critical resources and the third-party logistics users who need these resources owned by the logistics providers.

There are dependencies in the seller- buyer relationship. These dependencies are regarded as sources of power in many studies (Bohme *et al.*, 2008; Essabbar *et al.*, 2014). This dependency leads to power asymmetry and allows the power holding party to limit the behaviour of the other party (Cerbaro, 2011). This outcome is based on the seminal work on power in companies

(Emerson, 1962). In the theory of resource dependency, dependency comes as a result of the requirements of companies to get resources such as assets, persons and capital. Chin (2013) states that there is a need to focus on relationship power in the logistics context.

The sources of power are classified into five types by French and Raven (1959) as follows:

The first type is coercive power where the holder of power is able to impose sanctions on the customer. The second one is expert power; this type of power is based on expertise possessed by the supplier and it is desired and needed by the customer. The third one is referent power where the customer values identification with the supplier. The fourth one is legitimate power, this type of power is called the natural power where the customer believes that the supplier has the right to influence the customer's behaviour. The last one is reward power; when the supplier feels happy with the customer, then the supplier will provide the customer with rewards to increase the frequency of purchases.

According to Lee (1999), he states that Raven and Kruglanski (1970) identify an extra source of power that is called information power which reflects the supplier's ability to provide the customer with information that was not available previously to the customer and/or interpret the information in a meaningful way to the customer. Depending on this classification of the source of power, two attempts have been made to classify the source of power. The first attempt classifies the base of power into economic sources and non-economic ones (Etgar et al, 1978). The second attempt by Hunt and Nevin (1974) divides the source of power into coercive power and non-coercive power. The latter classification is widely used among authors (Fraizer and Summer, 1984; El-Ansary and Stern, 1972).

Hunt and Nevin (1974) stress that there is a difference between coercive power and non-coercive power because coercive power includes a threat of punishment or potential punishment (Liu *et al.*, 2009; Yeung *et al.*, 2014). Simpson (2015) and Smith (2011) assert that the punishment may occur if the target does not do something that is desired by the agent (power holder) or the target does something that is not desired by the agent. Goodman and Dion (2001) state that coercive power has forms of punishment such as imposing financial penalties, depriving support or withdrawing previous promises. Yu and Pysarchik (2002) state that the holder of power uses coercive power if there is a breakdown or friction in the relationship with the target, if the target shows uncooperative behaviour or does not comply.

According to Leonideon *et al*., (2019), exercising coercive power includes aggressive behaviour (withdrawing from initial promises, imposing financial sanctions, and withholding support), While in non-coercive power, the power holder does not like to put the relationship at risk. Thus, the power holder avoids making the weaker party remote.

Leonideou *et al*., (2008) and Leonideou *et al*., (2019) state that non-coercive power does not include any aggressive actions that may lead to friction in the marketing channel relationships. On the contrary, non-coercive power enhances and supports the relationship between the channel members (Fraizer and Summers, 1984). This means that the 3PL providers can exercise coercive and non-coercive power over the 3PL users because of their dependency. The concentration here will be on business-to-business setting instead of the marketing or the distribution channels that are also business-to-business setting.

Liu *et al.*, (2009) affirm that non-coercive power sources such as expert power and reward power include a desire to produce power over the other party. In this context, if the party (target) shows compliance and cooperative behaviour, the other party (source) will support and assist it. Non-coercive power is divided into five categories: reward, information, expertise, reference and legitimacy (El-Ansary and Stern, 1972; Fraizer and Summers, 1984).

According to Zhuang *et al.*, (2010), the difference between coercive power and non-coercive power is associated with a target's willingness to comply. This means that the power holder is expected to use non-coercive power approach if the target is anticipated to comply. This is because the source of power is willing to attract the target's attention to the benefits and the advantages of compliance. On the other hand, the source of power utilises the coercive power to make the target well aware of the consequences resulting from not complying with the demands set by the power holder. Huo *et al.*, (2016) state that coercive power is different from non-coercive power where the coercive power represents the stick that can be used to make the target comply, whereas the non-coercive power is the carrot that aims to entice the target to do something without taking any explicit power.

Blois and Lacoste (2009) assert that it is difficult to differentiate between coercive power and non-coercive power in the context of business-to-business. For example, if the supplier has some knowledge that is important and valuable to the buyer. Also, if the supplier puts a condition on the buyer to behave as the supplier wishes. The buyer may be unwilling to do as the supplier wants but the buyer needs the knowledge. Thus, the buyer may comply with the supplier's conditions. This is a form of coercive power, namely the supplier's refusal to give the required knowledge. Now, what if the supplier wants to release the information (knowledge) as a form of reward given to the buyer? This is called non-coercive power, namely reward power.

Bandyopadhyay (2013) mentions that companies incline to do their best with other distribution channels by using different kinds of influence tactics to achieve their strategic objectives. These tactics are called influence strategies that are closely related to the source of power. The influence strategies are divided into two groups. The first one is indirect influence strategies that include information exchange and recommendations. Information exchange is where the power holder tries to change the target's behaviour by discussing general business issues and the source does not ask the target directly, and the source will not impose actions as well.

Recommendations are where the source shows an interest to change the target's behaviour to increase the desired results such as profits and sales. Kabadayi *et al.,* (2011) state that direct influence includes request, promise, threat and legal plea. In the request tactics, the source asks the target company to change its behaviour without hinting at sanctions, whereas the promise tactics include giving the target company rewards in a case of changing the behaviour. The tactic of threat includes the target being penalised or have a withdrawal of incentive or terminating the contract if it will not comply, while the legal plea means that the target is informed by the source that the contract obliges the target to take some action.

2.3.3- <u>The effects of power in business-to-business contexts.</u>

All studies on marketing channel have indicated that the power relationship affects the supplier-buyer relationship (Chatziaslan *et al.*, 2005). Sodano (2006) and Kumar (2005) state that power may hinder cooperation between the supplier and the dealer, while Cox (2001) states that power helps the supplier and the buyer to develop a relationship between them. For decades, there has been a debate about the positive and negative effects of power in the business-to-business setting (Belaya and Hanf, 2016).

2.3.4- <u>Disadvantages of power in business-to-business settings</u>

There has been a large number of researchers and authors who have noted that power has adverse effects on the relational exchange between the supplier and the buyer; this is because power may prevent the supplier from cooperating with the buyer (Walter, 2011). Naude and Buttle (2000) mention that power is an unhelpful factor that prevents business-to-business, namely the supplier and the buyer from building a high-quality relationship. This factor is expected to affect other factors such as satisfaction, trust, profit, integration and mutual understanding. Also, the companies with power (the holders of power) are expected to abuse other firms or the manufacturers may take advantage of suppliers to make economic gains

Johnsen and Ford (2001) assert that the more powerful companies have tried to control the less powerful companies' resources to limit their power and the powerful companies take the new opportunities such as entering a new international market.

Rokkan and Haugland (2002) state that long-term relationships between the supplier and the customer will be enhanced and supported if there are symmetry and mutuality in the relationship; meanwhile, asymmetries are expected to lead to instability and conflict that harm business-to-business relationships. Kähkönen (2014) mentions that suppliers and buyers have an uneven relationship. This is because the suppliers often have more power than the buyers and this affirms that balanced power between the suppliers and the buyers is rare.

According to Robicheaux and EL-Ansary (1975), the power holder company usually takes advantage of other companies by exercising coercive influence strategies. Maloni and Benton (1997) assert that the power holder companies may use power in order to negotiate matters such as higher quality, lower costs, and delivery times. This will harm the company by limiting its power. For this reason, power asymmetry in business-to-business setting will push the source of power to act opportunistically to exploit opportunities by exercising coercive power. This will undermine the factor of trust between the supplier and the buyer (Belaya and Hanf, 2016). The target companies will be obliged to seek alternative alliances (Ireland and Webb, 2007). In other words, exercising coercive power by the source is the clearest example of the bad effects of power.

Exercising coercive power increases the distance between the seller and the supplier involved in a relationship because coercive power leads to frustration, misunderstanding and tension (Leonidou *et al.,* 2019). Coercive power is the major reason for instability in the seller-buyer relationship because this type of action may harm the other partners and engender negative emotions about the relationship (Hoppner *et al*., 2014).

Exercising coercive power may allow the source to get short-term benefits but the company cannot achieve its long-term benefits because coercive power is expected to reduce success in the long term (Belaya and Hanf, 2016). Walter (2011) states that studies on coercion measures have indicated that there is a negative relationship between threat and legal plea as influence strategies from the first side and the cooperation from the second side. The opposite is true for recommendations and requests from the first side and the cooperation from the second one. Legitimate, referent and expert power sources are less effective compared to coercive and reward power sources. This is because legitimate, referent and expert power sources are not related to specific performances and they are less flexible too. Also, their effectiveness is expected to decrease over time. This goes for the legitimate power where the weaker party will never enter into the relationship if the contract’s items do not satisfy the buyer’s needs (Belaya and Hanf, 2016). French and Raven (1959) state that legitimate power is resulting from the internalized values that clarify this influence should be accepted by the party (the weaker one). In other words, the legitimate right represents an obligation that should be accepted.

Based on the above, coercive power and reward power are the most influential types of power compared to the other types of power.

Giebels *et al.*, (1998) mention that power asymmetry is not expected to support the information flow that represents as a major requirement for the successful seller-buyer relational exchange. Belaya and Hanf (2016) assert that information power deprives partners of cooperation because the partners act as rivals and not as partners. For the reward power, it has both negative and positive effects on the seller-buyer relationship. This type of power will positively reflect on the seller-buyer relationship if the culture encourages the cooperative relationship. However, reward power has a bad effect on the seller-buyer relationship if it is used as a coercive power, and then the reward power and coercive power have the same bad effects on the relationship.

Coercive power leads to infidelity that means one partner in the dyadic relationship violates the norms of relationship. It is a form of betrayal in the seller-buyer relationship (Mattingly *et al.*, 2010). These norms strengthen the relationship, eliminate unsatisfactory behaviour and reduce uncertainty (Zhou *et al.*, 2015). Infidelity means that one partner in the dyadic relationship acts to his or her interest at the expense of the other party's interest (Leonideou *et al*., 2019). Examples of infidelity practices include doing business with other organizations without telling the other party in the relationship or contracting another company to be a rival of the current relationship (Mattingly *et al.*, 2010). Infidelity may be overt (explicit or obvious violation of rules) or covert. Also, it can be accidental (one partner violates the rules undeliberately) or temporal such as the partner violates the norms or rules just once (Leonideon *et al.*, 2019).

2.3.5- Advantages of power in business-to-business settings

Many authors regard power as a type of coercion, force and oppression and that it is the opposite of trust (Belaya and Hanf, 2016). Kumar *et al* (1995b) stress that power asymmetry can build a trusting relationship if the power holder treats the weaker party fairly. Carlsmith (2006) states that if a company (target) gets a punishment that it deserves, this may increase cooperation between the supplier and the seller. Also, Guzman *et al.*, (2007) state that such punishment will deter the other partners from making the same mistake. Furthermore, a lot of power theorists widely believe that the source of power can coordinate and promote a trusting relationship and resolve conflicts. In this way, the performance of companies connected with each other and individual members will be supported and enhanced (Belaya and Hanf, 2016).

Blau (1964); Stern and Heskett (1969) affirm that possessing power does not mean excessive use of coercion. Also, possessing power is not the use of force, but it is a degree of compulsion starting with suggestions and ending at domination. Kumar (2005) thinks that power is an important element in the seller-buyer relationship because power gives such a relationship direction, order and purpose. Power plays a crucial role as a coordinative factor of the relational exchange rather than exploitation.

Non-coercive power provides a positive climate in the seller-buyer relationship. This climate decreases the distance between the partners involved in the relationship (Jain *et al.*, 2014). This operational climate includes trust, higher commitment, cooperation, lowering of conflict, better understanding, and higher solidarity (Leonideon *et al.*, (2019) Also, non-coercive power will lead to trustworthy relationships, communications, enhanced problem solving and this will decrease opportunism (Leonideon *et al*., 2019).

Belaya and Hanf (2016) state that exercising non-coercive power does not include aggressive actions. However, it supports satisfaction between the seller and the buyer. Also, non-coercive power can help to increase profitability and social benefits. For example, non-coercive power offers financial rewards, makes the specialised information available to the weaker party which helps it. Thus, non-coercive power helps the buyer and the seller to achieve their goals and supports the friendly atmosphere. Scholars have found out that non-coercive power supports the supplier-buyer relationship. Also, they have found that non-coercive power has a negative relationship with inter-firm conflict. In addition to that, non-coercive power enhances satisfaction. Lee and Low (2008) mention that there is a positive relationship between legitimate power and satisfaction. Daprin and Hogarth (2003) affirm that non-coercive power leads to cooperation.

2.3.6- <u>Power in third-party logistics</u>

The topic of power in third party logistics is lacking and this study addresses this gap by picking up information from journals and books. This contribution is helpful to this study. Outsourcing was focused on specialist activities that were considered as a support to the organization such as human resources and accounting. Later, the focus has moved to the activities that are close to the core activities such as call centres and customer service (Kakabadse and Kakabadse.2001). Recently every function can be outsourced (Jones *et al*., 2005).

Companies need resources to survive and to ensure the flow of resources. Thus, outsourcing is one of the proposed solutions in order to overcome uncertainties related to resources (Meydan, 2010).

The decision about performing the logistics activities within the company or outsourcing the logistics activities to third party logistics depends on the factors affecting the make-or-buy decision. Much research has asserted that the company is required to protect its core competencies from outsourcing (Jenster and Pederse, 2000).

Lonsdale (2001) states that the decision of outsourcing is risky because when a company adopts this decision, it means that it is expected to largely depend on the outsourcing company, namely the 3PL provider. Thus, the company becomes locked into the supplier company. Also, the customer company, 3PL user, cannot switch into another company because of the switching costs that may include asset specific investments. In this case, the outsourcing company (the 3PL provider) may behave in an opportunistic way and take advantage of the outsourced company (the 3PL user) by renegotiating prices or conditions because of the dependency on another company's resources. This makes the other company (the 3PL user) under the control of other organizations (the 3PL providers). Hence, the solution of supplying the resources smoothly by developing strategies to reduce this dependency on resources (Yilmaz and Beduk, 2014).

Lonsdale (2001, p22) stated that " it is the risk of outsourcing, rather than that of outsourcing core competencies, that appears to be at the root of a majority of the problems firms have experienced". The risk does not only include the risk of the assets used by the customer, the

3PL user, but also the risk of power exercised by the supplier, the 3PL provider, because of dependency (Gelderman,2003).

Outsourcing relationship represents a seller-buyer relationship and the firms are required to focus on the high quality of this relationship. The outsourcing relationship is closely related to partnership in which suppliers and buyers should interact closely. In this type of relationship, a customer firm, the 3PL user, relies, to some extent, on its partner, the 3PL providers. This means that power asymmetry and dependency are represented in this relationship between the 3PL users and the 3PL providers. So, in this relationship, the independent firm, the 3PL provider dominates and controls the process of exchange. However, if the 3PL provider and the 3PL user have the same amount of power, this means that no partner dominates the relationship (Caniels and Roeleveld, 2007).

Power is the most common subject in the business-to-business setting. The inter-firm relationships are built on the resource dependency theory because this theory believes that a company should depend on its external environment to get the resources required, then it ensures its survival. A partner is, therefore, vulnerable because this partner depends on other partners for resources (Huo, *et al.*, 2017).

Many researchers use the terminology of interdependence asymmetry that reflects the partners' levels of dependencies. Ireland and Webb (2007) state that when the two parties, the 3PL user and the 3PL provider depend on each other equally, this is called symmetrical interdependence; but in many cases, the seller-buyer relationship is described as asymmetric interdependence. Thus, the independent partners, the 3PL providers, can exercise power over the dependent ones (the 3PL users) and they can also exploit the weaker parties. Caniels and Roeleveld (2007) state that an unproductive partnership is the outcome of power asymmetry in the seller-buyer relationship. The weaker partners (the 3PL users) are expected to be eroded and this partnership never lasts.

Davis and Cobb (2010) state that a company's dependency on other companies comes as a result of factors such as a shortage of raw materials and limited credit supplies. This type of dependency may lead to advantages such as setting common goals for a collaborative and successful relationship and sharing mutual expectations (McNamara *et al.,* 2015). Mutual dependency between parties (the 3PL provider and the customer) leads to an increase in trust and commitment exchanges. It is the major key to develop a collaborative relationship between companies (Vestrum and Rasmussen, 2013).

According to Jonsson and Zineldin (2003), Power asymmetry means greater conflict and less cooperation in the seller-buyer relationship. However, power asymmetry leads to an unbalanced relationship but it does not mean that the source of power (the 3PL provider) will misuse power (Cox *et al.,* 2004). Power may result in cooperation in the seller-buyer relationship because the distribution of power will occur over time as a legitimate right (Kalafatis, 2002). On the other hand, Maloni and Benton (2000) have pointed out that power imbalance in the seller-buyer relationship may lead to higher levels of performance to the 3PL provider and user.

According to Khoja *et al.,* (2011), if the supplier (the 3PL provider) and the customer (the 3PL customer) are capable of reducing power asymmetry in the relationship, they become more likely to develop a long-term relationship. However, a seller and a buyer who are incapable of altering power imbalance in the relationship because of the limited trust and commitment probably become supporters of arms-length relationship.

A lot of researchers have studied the dyadic relationship from relative power and total power perspectives. Relative power is described as interdependence asymmetry. This means that the source of power has more power than the target, whereas the total power refers to both partners (the 3PL user and provider) have the same amount of power and they depend on each other equally (Kumar *et al.*, 1995a; Frazier and Anita, 1995). Total power in the seller-buyer relationship is described as a good, cooperative and long term relationship where trust and commitment exist. The partners are loyal to each other. They know that each one of them possesses power. Hence, they are discouraged to use it. The risk of revenge is high. Thus, each one of them seeks to make the other one satisfied (Caniels and Roeleveld, 2007).

In addition to that, if they depend on each other equally, they will face high exit barriers (Geyskens *et al.*, 1996). However, a long-term relationship between the seller and the supplier is expected to reduce power imbalance because other factors such as trust, commitment, collaboration and cooperation will increase with time (Khoja *et al*., 2011).

2.3.7- <u>Is cooperation enough to build a stable seller-buyer relationship?</u>

The factor of cooperation between the seller and the buyer achieves competitive advantage in business-to-business relationship and this is clear in the marketing literature (Hakansson *et al.*, 2009) and supply chain literature as well (Mentzer *et al*, 2001). This is not enough evidence that cooperation between the seller and the buyer has only advantages while ignoring the disadvantages.

Cooperative seller-buyer relationships lead to conflicts as Hakansson *et al.*, (2009, P 24) state "the more two companies try to work together, the more conflicting issues will be discovered".

Anderson and Jap (2005) mention that if two companies work closely together, this closeness may seem stable. But it may lead to destroying the relationship because this closeness may create instability that leads to breaking the relationship between the two partners. For example, the supplier, who works closely with the customer, may plan to leave the current market to enter a new alternative market. So, the supplier will leave its cooperative customers too. So, two companies working with each other cannot evade conflicts and problems. Thus, the cooperative relationship is not free of opportunism, instability, and conflict. The cooperation does not guarantee that problems between the seller and the buyer will not arise. This is because we talk about two partners who may have different goals and they may have different interests and this may lead to the emergence of conflict of interests.

Chowdhury *et al.,* (2016) state that the cooperative seller-buyer relationship may lead to power imbalance or information asymmetry and opportunism. Heirati *et al.,* (2016) assert that both opportunism and cooperation can coexist.

Grandinetti (2017) affirms that many authors ignore the fact that in the dyadic relationship, the interaction and cooperation may push one of the partners to behave opportunistically.

The problems resulting from a cooperative business-to-business relationship can be divided into two groups. The first one is called "trap". This means that the partner, who is exploited, is aware of the fact that something wrong is going on but this partner is obliged to remain in the relationship despite power asymmetry because his strong dependence on the other partner obliges him to stay in the relationship. Thus, this partner will remain trapped in this relationship. The second group is called "secret" where one partner takes advantage of information asymmetry (secrets) for its own benefits and at the expense of the other partner (Grandinetti, 2017).

Anderson and Jap (2005) reveal that a cooperative business-to-business relationship hides the factors of instability and opportunism where one party seeks to damage the other one. This fact is widely recognised in studies on manufacturers and distributors that aim to examine the presence of opportunism after establishing the relationship between the two businesses. Jap and Anderson (2003) reveal that opportunism may lead to damaging a partner who may realize his bad situation, though this partner prefers to continue this relationship because of shared investments between the two partners, and these assets can be used in this relationship only (idiosyncratic investments) or because of his dependency on the other partner's resources. This situation creates power asymmetry. Thus, the weaker party should tolerate with the holder of power. Anderson and Jap (2005) assert that this situation may continue for some time but the relationship will not last for a long time.

The dependency is expected to push the weaker partner to accept this situation and the weaker partner will have conflicting feelings about this relationship (Johnston and Hausman, 2006). This situation may come from the idiosyncratic investments which are used in business-to-business context (Vazquez *et al.*,2007) and the supplier possesses important resources for the customers, especially those resources that lead to gaining competitive advantage (Olsen *et al.*,2014). Also, the customer company's top management does not like to change to another supplier, especially, if the decision of relational exchange is emotional, or because the switching cost may deter the customer from switching to another supplier. For these reasons, the customer may be trapped in the cooperative business-to-business relationship.

In a cooperative relationship, partners need to develop the relationship in order to acquire new technology or assets (Das and Rahman, 2009). This means that both partners (supplier and buyer) will invest in these assets and this will make the buyer dependent on the supplier. In other words, the partner, that is not expected to depend on these assets, is anticipated to behave opportunistically (Lonsdale, 2001). One of the strategies which can be adopted by the weaker partner to prevent the dark side resulting from the close relationship is by supporting the importance of other assets or resources that are important to the suppliers (Akpinar and Zetting, 2008). This solution is not always possible due to the timeframe (Habib *et al.,* 2015).

Also, the cooperative business-to-business relationship enables the supplier to behave in an opportunistic way since information asymmetry places the supplier at a superior position compared to the customer. This represents the second problem resulting from the cooperative business-to-business relationship. Here the buyer is not aware of the damage that is accruing in the relationship, resulting from the secrets only owned by the supplier because the buyer has not the technical knowledge to assess the outcome, or the buyer exaggerates his confidence in the supplier even though the buyer has technical knowledge but does not use it because he trusts the supplier so much (Day *et al.*, 2013).

2.3.8-The power and conflict in Business-to-Business settings.

When the topic of power is discussed, the topic of relationship should be discussed as well. consequently, power is exercised when one party carries out its wishes and the other party does not resist, to some extent, in the context of relational exchange. This means that no one can discuss the party's power without stating the relationship with the other party. Power is found at all levels of social relationships (Standifer and Jr, 2010). Scholars have emphasized that such power has an impact on business-to-business relationships (Kim, 2000),

In the context of business-to-business relationships, power, conflict and dependency as constructs may create problems between the seller-buyer relationship and both of them may struggle to develop this type of relationship (Lee and Johnsen, 2012). The problems may affect the outcomes (profits) for the supplier and the buyer (Cowan *et al.*, 2015) or may lead to a lack of fairness that causes conflict (Kumar *et al.*, 1995). The degree of power perceived by the customer may affect the level of cooperation or conflict between the parties. This degree of power may also create closeness or distance. This atmosphere represents the outcome of the seller-buyer relationship.

A company may prefer to develop closeness to share resources and capabilities with the other company. Also, close bonds will allow the company to exert influence over the other company (Johnson and Lacoste, 2016). The conflict may be perceived by the party negatively or positively in the relationship depending on the position of the party, namely the stronger actor or weaker actor (Zhou *et al*., 2007). The conflict becomes worse when one party tries to gain higher benefits than the other party (Lee and Trim, 2012). Conflict may come as a result of different goals and expectations between the seller and the buyer (Munksgaard *et al.*, 2015). The slight conflict in the seller-buyer relationship may engender creativity and competitive advantage of the relationship or it may increase value-creation efforts (Johnsen and Lacoste, 2016).

Conflict is a process that occurs between companies, persons, or large entities when one party realizes that its interest is affected by another party. If the two parties are well aware of the power asymmetry between them, this will decrease the conflict between them. More specifically, the weaker partner will comply with the stronger partner's demands and this will happen without overt conflict (Standifer and Jr, 2010). Conflict may happen in the business-to-business relationship based on pre-existing power interactions between them, and/or accessing their resources (Coleman, 2000). The literature on the business-to-business relationship has indicated that the problems resulting from power asymmetry cannot be avoidable because of the dependency in the seller-buyer relationship (Standifer and Jr, 2010). In the business-to-business context, there is a company which depends on another company (Emerson, 1962). This dependency determines each company's action toward the other company. The weaker company will have a sense of helplessness, whereas the stronger company will be more confident (Coleman, 2000). Due to this dependency, the weaker actor will comply with the stronger actor's instructions without any overt conflict.

The power asymmetry will lead to low conflict between the seller-buyer relationships in the business-to-business context, while a relatively equal power means less dependency. Thus, the conflict apparently arises. The parties in equal power tend to disagree on issues and goals. So, overt conflict is expected between the seller and the buyer because each party feels tempted to promote its agenda in this type of relationship where the power is equal between the seller and the buyer (Standifer and Jr, 2010). Gaski (1984) states that power may be effective. However, power may result in an undesirable effect such as conflict. Ojala and Hallikas (2007) state that power encourages the stronger partner to act in an opportunistic way and it makes the weaker actor adopt defensive behaviour. Such conflict exists in any relationship including business-to-business relationship or supply chain relationships. This is because there are interdependencies between partners. The reasons for the conflict are, therefore, rooted in the differences in goals and beliefs of the two patties (Wilmot and Hocker, 2011). In the supply chain, there are many actors such as manufacturers, logistics providers and distributors. Each one of them has its interest and opinion and the same goes for the seller-buyer relationship. The conflict should be resolved as soon as possible in order to avoid extra costs and to make the supply chain or the seller-buyer relationship function effectively (Belaya and Hanf, 2014). Actually, power plays a crucial role in resolving the problem of conflict.

A lot of authors focus on the symmetry and mutuality to enhance the relationships, while power asymmetry is expected to lead to unstable relationships and more conflict in the seller-buyer relationships (Rokkan and Haugland, 2002).

Several researchers have confirmed that power can provide the exchange relationship with coordination and they believe that power is important to the exchange relationship because it gives the relationship its direction, order, and purpose (Kumar, 2005). Stern and Hesket (1969) state that the exercise of power may benefit the relationship.

Studies by Gaski (1984); Lusch (1976), Hunt and Nevin (1974) have pointed out that the use of coercive power leads to an increase in conflict, while the use of non-coercive power decreases conflict. Rabicheaux and El-Ansary (1975) mention that the reason for the positive relationship between the coercive power and conflict is that the stronger partner is expected to take advantage of the weaker actor and this will cause conflict. The negative relationship between non-coercive power and conflict is attributed to the fact that the non-coercive power helps to change the behaviour of the other actor (Kähkönen, 2014) and the weaker party is more satisfied due to the non-coercive power (Hunt and Nevin, 1974). Also, the weaker partner will be encouraged to change its behaviour because this partner will benefit from the non-coercive power.

There are two types of conflicts. The first type is called the functional conflict that is beneficial to the seller-buyer relationship. The second one is dysfunctional conflict that is harmful to the partners' performance (Geyskens *et al.*, 1999). Yu and Pysarchik (2002) develop the terminologies of economic conflict and non-economic conflict. The economic conflict occurs when a partner is dissatisfied with the economic aspects such as declining profits or sales. The non-economic conflict occurs when the partner has a negative feeling toward the non-economic aspects such as bad communication with the other partner or the partner has an impolite attitude.

2.3.9-Weaker actor's response to the stronger actor in the dyadic relationship

Each company has a power position in the supply chain. The power position of a company reflects the type of relationship and the role of each organization with other supply chain companies (Kähkönen, 2014). It is widely argued that the power position is stemming from the ownership of inimitable, rare, valuable and non-substitutable resources such as assets and knowledge (Bastl *et al.*, 2013).

Power position can be divided into three types: power balance, power dominance (Kähkönen, 2014) and power interdependency (Morsey, 2017). The interdependence between parties who belong to a supply chain can be known as symmetric power (Hoejmose *et al.*, 2013) or power balance (Kahkonen and Lintukangas, 2010). Power balance or symmetric power occurs when the seller and the buyer have equal power. Asymmetric power occurs when one of the companies is dominant over the weaker dependent partner and the dominant partner is able to influence the weaker dependent partner (Hoejmose *et al*., 2013).

Power asymmetry between the seller and the buyer is one of the hottest topics in studies related to the business-to-business relationship (Habib *et al.,* 2015). Most of the studies focus on the stronger side which is the supplier side of this exchange relationship (Benton and Maloni, 2004). The question is how the weaker actor, buyer, can react in this relationship towards the stronger actor, the supplier? The company's dependency on its partner results in the dominance of one actor over another actor. This relative dependency is known as power (Caniels and Gelderman, 2007)

Although power asymmetry in business-to-business relationship can cause difficulties, power can lead to coordination in the seller-buyer relationship because the distribution of power between both actors can be legitimate over time (Maloni and Benton, 2000). So, in the seller-buyer relationship, the dyadic relationship, both actors seek to develop a long-term partnership between the supplier and the buyer based on their motivation. For example, entering a new market (Akpinar and Zetting, 2008).

What can the weaker actor do if the stronger actor, supplier, misuses the power and exploits the power against the weaker one's objectives? There are five strategic solutions in order to face the dominance of a stronger actor: collaboration, compromise, diversification, coalition and exit.

First: collaboration: This is the first strategic solution that can be used by the weaker actor to face the dominance of the stronger actor (Schmoltzi and Whu, 2012). This type of solution is expected to make both actors satisfied (Thomas, 1992). The weaker actor in this solution faces the dominance of the stronger actor by supporting its resources that are important to the stronger actor and this attracts the stronger actor’s attention in the dyadic relationship (Caniels *et al.*, 2010). For example, with the automobile manufacturers in the USA, the stronger actor exercised power over a parts supplier, the weaker actor, who adopted a strategy based on innovation to increase sales. This was done by investing roughly 7 % of before-tax profit in research. This introduced patented innovations and resulted in an increase in sales of 20% over a decade. In this way, the weaker actor changed the relationship from a transactional relationship into a collaborative one (Akpinar and Zetting, 2008). Cai and Yang(2008) state that when the weaker actor has not enough resources to develop the relationship with the stronger actor, then the weaker actor can work closely with the stronger actor that possesses the required resources.

Second: Compromise. It is the second strategic solution that enables the weaker actor to continue the dyadic relationship with the supplier (Hausman and Jhonston, 2010). This solution aims at finding an agreeable solution that is expected to satisfy the seller and the buyer. Also, it is anticipated to gain mutual benefits resulting from continuing the relationship (Bobot, 2010). The weaker actor will adopt this solution when feeling powerless in the relationship (Cox *et al.*,2004) and it is expected to accept power asymmetry in this relationship (Hausman and Jhonston, 2010). This solution is accepted by the weaker actor when it has no choice. Thus, it is obliged to accept the current situation that cannot be changed. For example, the inflexible contract (Gelderman *et al.*, 2008). The weaker actor should compromise in monopolistic markets. For example, in the Dutch natural gas industry, the monopolistic supplier obliged the weaker actor, buyers, to accept the strict conditions and inflexible contract and in a case of non-compliance, the buying companies cannot do their business because of large financial penalties and threats. Thus, the buying companies were forced to accept this situation (Caniels and Gelderman, 2005).

Third: Diversification. This strategic solution is available to the weaker actor (Bruyaka and Durand, 2012). In this strategy, the weaker actor seeks to establish more than one long-term relationship besides the major dyadic relationship. This means that the focal relationship is preserved by the buyers (Anderson and Jap, 2005). The buyer, in this solution, minimises its dependency on its major partner which represents the stronger actor (Mukherji and Francis, 2008). This strategy is risky because the weaker actor is expected to engage with other alternative relationships. So, this requires time, cost and other investments with other partners (Helm *et al.,* 2006). Especially, if the partners are stronger than the weaker actor (Wyld *et al.,* 2012). The weaker actor, therefore, is required to balance the benefits and the costs of entering into many relationships with stronger actors (Habib. 2015).

Fourth: Coalition. The weaker actor in the dyadic relationship forms temporary alliances with the stronger actors that have different goals. This strategy is different from the previous one where relationship in a coalition is short and is a non-contractual relationship, less enduring compared to the long-term strategic alliance, where actors have mutual goals (Habib *et al.,* 2015). An example of this strategy is when LGE established a short-term coalition with TSMC in Taiwan and Qualcomm, the stronger actors (Choi and Linton, 2011).

Fifth: Exit. The fifth strategic solution for the weaker actor is exit (Gulati *et al.,* 2008). In this solution, the weaker actor is willing to terminate the relationship with the stronger actor, supplier (Habib *et al.,* 2015). This happens when the cost of the relationship is greater than the benefits (Gulati *et al.,* 2008). Tähtinen (2002) states that when exiting from any relationship, the weaker actor stops the exchange of goods, trust, bonds, commitment and personal relationships with the stronger actor. It is the most destructive response due to power asymmetry in the seller-buyer relationship (Tjemkes and Furrer, 2010). The weaker actor inclines to change the supplier, stronger actor, instead of developing the relationship with him (Alajoutsijarvi *et al.,* 2000). There are four types of exit. The first one is silent exit where the weaker actor leaves the existing relationship when the ending date is reached. The second type of exit is communicated exit. The weaker actor tells the stronger actor that this relationship cannot continue, that it is an unsatisfactory relationship and he is willing to leave it. This type of exit may lead to hostility and breakdown in the relationship (Pressey and Mathwes, 2003). The third type of exit is negotiated exit where both partners (the stronger actor and the weaker one) confess that this relationship does not work well for them and disengagement is unavoidable. So, they discuss this matter with understanding. This type of negotiation does not lead to hostility (Alajoutsijarvi *et al.,* 2000). The last type of exit is disguised exit where the weaker actor does not inform the stronger partner that he has a desire to leave the relationship but the weaker actor, buyer, creates a situation to end the relationship. For example, the buyer does not pay the payment obligations on time (Alajoutsijarvi *et al.*, 2000).

2.3.10- <u>The factors affecting the chosen strategic solution</u>

There are many factors that influence the strategic solutions followed by the weaker actor to face power asymmetry or to encounter the dominance of the stronger actor. The factors are the nature of the interdependency, relationship governance, switching costs, relationship-specific assets, legal costs, relationships closeness and types of conflict.

For the nature of interdependence, this nature influences the chosen strategic solution. Caniels and Gelderman (2007) state that companies depend on their partners to varying extents. Dependence is defined as a company's need to build, develop, and maintain a relationship with its partner in order to achieve certain goals (Fraizer and Summers, 1984). Generally speaking, interdependence in the seller-buyer relationship is asymmetric and is known as relative dependence because completely symmetric interdependencies are rare in businesses and relative dependence is the outcome of a power imbalance between the two actors in the dyadic relationship (Habib *et al.*, 2015). Consequently, the weaker actor can make its resources more important to the seller by reinvesting in them. However, if the weaker actor does not possess resources that are important to the stronger actor, then the weaker party, the buyer, is obliged to comply with the conditions set by the stronger actor (Habib *et al.*, 2015).

For the relationship governance, Pilbeam *et al.*, (2012) mention that relationship governance is the instrument that controls the seller-buyer relationship to ensure that the relationship can develop and be maintained. The governance influences the strategic solution adopted by the weaker actor. For example, the contract may determine the form of exit that can be either easy for the two partners or difficult for the two trading actors (symmetric) or difficult exit for one partner but easy for the other one (asymmetric) (Gulati *et al.*, 2008). The difficult exit may help the partners in the dyadic relationship to develop trusting relationships during hard times. Also, they can develop commitment as well. In the difficult exit, the weaker partner prefers to negotiate the conditions in order to end the relationship with the stronger partner (Harrison, 2004). On the contrary, the weaker actor tends to leave the relationship silently when the exit is easy (Pressy and Qiu, 2007). If the relationship between the supplier and the buyer is informal, not in the contract, this may encourage the weaker actor to accept the dominance of the stronger supplier to develop and maintain a long-term relationship (Wu *et al.*, 2010). Gulati *et al.*, (2008) state that informal relationship governance may not protect the investments made by the weaker actor in the dyadic relationship. For example, the car manufacture company in Japan decided to end the relationship with a paint manufacturer in the USA without telling the paint manufacturer, and the paint manufacturer had to file for bankruptcy.

Switching costs. This is cost resulting from leaving the current partner and switching to another partner. This type of cost is broken down into two types. The first type is the set-up cost and the second one is the break-off cost. The set-up cost comes from establishing a new relationship, whereas the break-off cost comes from ending the relationship with the partner (Harrison, 2004). Thus, the switching cost should be taken into the weaker actor's account when deciding to continue or terminate the relationship with the partner. Higher switching costs mean that there is an increase in the weaker actor's dependency on the stronger actor in the relationship (Habib *et al.*, 2015). Switching costs are either legal costs (Rossetti and Choi, 2008) or relationship-specific assets (Pressy and Mathews, 2003).

Relationship-specific asset. Those assets can be used only in a certain relationship or some extra costs to make them work in the new context (Andersson and Jap, 2005). This type of asset prevents the weaker actor from switching to a new supplier (Harrison, 2004). Thus, in this case, the weaker actor either improves its power position or accepts the current situation through complying with conditions set by the supplier, the stronger actor.

Legal cost. Switching to another partner may violate the contract and this may lead to bearing heavy legal costs (Habib *et al*, 2015).

For the type of conflict, the supplier-buyer relationship is subjected to the conflict that is defined as a disagreement between the supplier and the buyer about the performed task (Habib *et al.*, 2015). The conflict between the supplier and the buyer is broken down into two forms.

The first form is functional conflict. This type of conflict occurs when the two partners have different viewpoints (Bobot, 2010). This type of conflict has advantages because the two partners can deeply discuss the possible solutions then choosing the best alternative. Thus, the weaker and the stronger actors can agree on a situation that is beneficial to them and remove obstacles as well (Anderson *et al.*, 1994). The second type of conflict is known as dysfunctional conflict that occurs when there is poor performance, dissatisfied partner and/or dysfunctional behaviours (Bobot, 2010). The weaker partner may encounter power asymmetry by ending the relationship (Pressy and Mathews, 2003).

Relationship closeness influences the strategic solution taken by the weaker actor in order to encounter the dominance of the stronger actor. This factor is associated with trust and the actor’s belief that the partner is reliable and he is living up to the level of expectations. A high level of trust will produce a close seller-buyer relationship (Anderson and Narus, 1990). A Danish company that is specialized in the electronics sector was able to improve its position of power by concentrating on the level of closeness with the stronger partner (Habib *et al.,* 2015)

2.3.11 -<u>Power and customer satisfaction</u>

In the context of business-to-business, exercising power produces types of compliance behaviours (Payan and McFarland, 2005). The compliance may be behavioural change or coordination (Hausman and Johnston, 2010). Generally speaking, exercising non-coercive power increases the possibilities of compliance with the power holder. This compliance depends on the characteristics of the power holder and the target (Hausman and Johnston, 2010). The outcome of non-coercive power leads to customer satisfaction, whereas coercive power leads to customer dissatisfaction (Leonidou *et al.,* 2008).

When a partner exercises power over other partners, this will affect the channel member’s satisfaction (Geyskens *et al*., 1999). This goes for the business-to-business context because when the partner exercises coercive power over the target, the target’s economic satisfaction will be negatively affected and the target bears the cost in a case of the partner’s threat (Anderson and Narus, 1990) Also, the target’s positive outcome can be decreased by punishment (Scheer and Stern, 1992). Non-coercive power means that the partner will benefit (Ramaseshan *et al*., 2006) because more rewards will increase the economic outcome (Wilkinson, 1979). Exercising coercive power by a supplier will negatively influence customer satisfaction because the buyers do not like to deal with partners that impose sanctions on them (Geyskens and Steenkamp, 2000). Customers prefer to deal with suppliers who use non-coercive power because the customer will be more satisfied (Ramaseshan *et al*., 2006).

Jonsson and Zineldin (2003) conduct a study on the supplier-buyer relationship in the lumber market in Sweden in the context of business-to-business. The result has pointed out that using non-coercive power, namely, reward power, leads to an increase in customer satisfaction, while coercive power results in a decrease in customer satisfaction.

Liu (2015) conducts a study about the steel industry in China and the findings have revealed that coercive power decreases customer satisfaction, while non-coercive power (reward power) increases customer satisfaction

A study performed by Lee (1999) to examine the working relationship between suppliers and distributors. The finding is consistent with those found in the context of business-to-business. Reward power increases customer satisfaction compared to coercive power that decreases customer satisfaction.

Leonidou *et al.,* (2014) perform a Meta-analysis on the supplier-buyer relationship to examine the effects of coercive power and non-coercive power on customer satisfaction, analysing 120 studies in 103 articles that are published in 37 journals. The findings have pointed out that reward power granted by the supplier has a positive effect on customer satisfaction, while coercive power by the supplier has a significant negative effect on customer satisfaction.

A study on supplier-buyer marketing channels by Chang *et al.,* (2012) has revealed that coercive power increases customer dissatisfaction, whereas non-coercive power, reward power increases customer satisfaction.

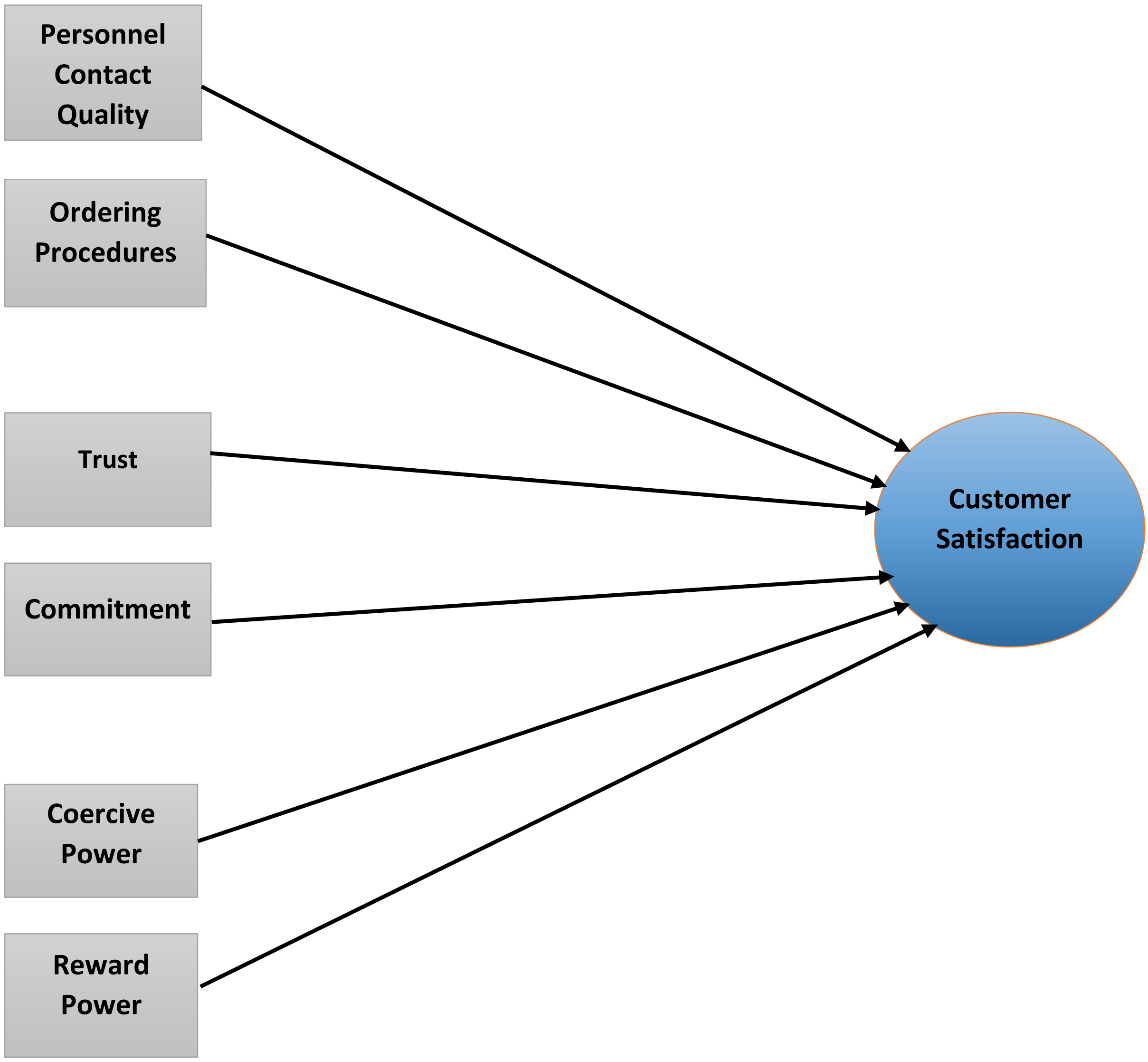
The hypotheses of relationship power

H5: Coercive power exercised by a 3PL provider over a 3PL user negatively affects customer satisfaction.

H6: Reward power exercised by a 3PL provider over a 3PL user positively affects customer satisfaction.

The above-mentioned hypotheses are linked to the third research objective.

Figure (2.7) The Conceptual Model for the Study:



The following are the hypotheses for the study:

Hypothesis 1: Higher perceptions of personnel contact quality positively affect customer satisfaction.

Hypothesis 2: Higher perceptions of ordering procedures lead to an increase in customer satisfaction.

Hypothesis 3: Higher levels of trust positively affect customer satisfaction

Hypothesis 4: Higher levels of commitment positively affect customer satisfaction.

Hypothesis 5: Coercive power exercised by a 3PL provider over a 3PL user negatively affects customer satisfaction.

Hypothesis 6: Reward power exercised by a 3PL provider over a 3PL user positively affects customer satisfaction.

2.3.12-**<u>The relationship between hypotheses, research questions and objectives</u>**

The relationship between hypotheses, the research questions, and the research objectives are shown in Table (2.1) below.

The research questions	The objectives	The hypotheses	Authors
Research question 1	Objective 1	Hypotheses 1,2	Mentzer *et al.*,(2001) ; Jafaar (2006) ; Saura *et al* (2008).Kattara *et al.*,(2008);Politis *et al.*,(2014); Zailani *et al.*,(2018).
Research question 2	Objective 2	Hypotheses 3,4	Rodriguez *et al.*, (2006) ; Mbango and Phiri (2015) ; Aka *et al* ., (2016) ; Bricci *et al.*,

			(2016);Gilaninia *et al* ., 2012); Akmar and Yorur (2012); Sanzo *et al* ., (2003); Durate and Davies (2004).
Research question 3	Objective 3	Hypotheses 5,6	Jonsson and Zineldin (2003); Liu (2015); Leonidou *et al.*, (2014); Chang *et al.*, (2012); Lee (1999).

The table (2.1) reflects the relationship between the hypotheses, the research questions and the objectives of the study.

As noted, hypotheses 1 and 2 help the researcher to answer the first research question in order to achieve objective 1 of the study, while hypotheses 3 and 4 enable the investigator to achieve objective 2, and answer research question 2. Hypotheses 5 and 6 answer research question 3 and assist the investigator to achieve objective 3.

2.3.13-**The dimensions of the study**

The study, as shown in the conceptual model, concentrates on personnel contact quality, ordering procedures, trust, commitment, coercive power, and reward power. As stated in the literature review, LSQ includes personnel contact quality and ordering procedures, whereas RM includes trust and commitment, while coercive power and reward power belong to RP. So, this study focuses on three dimensions that are LSQ, RM, and RP. This is attributed to the fact that what distinguishes this study from other studies is that this study is a comprehensive study that includes three dimensions, while other studies include one or two dimensions. Also, The conceptual model includes dimensions stemming from research gaps as stated in the introduction and the literature review. In addition, The data gathering technique used in this study measures respondents' satisfaction with LSQ, RM, and RP. So, it reflects the three dimensions.

2.3.14-**Summary**

The section highlighted the power and how the power holder might exercise coercive power and non-coercive power over the weaker actor. In this research, the stronger actor is the 3PL provider which has resources that are needed by the weaker actor which is the 3PL customer. The 3PL customer is unable to leave the relationship with the 3PL provider because of legal contract and switching costs. The 3PL customer is able to adopt some strategies to face power asymmetry. The section explained both viewpoints about power as grace or curse and the effects of coercive power and non-coercive power on customer satisfaction. Also, the section talked about the conceptual model for the whole study and the relationship between the hypotheses, research questions and research objectives.In addition, the dimensions of the study.

Chapter Three: Research Methodology

3-1-**Introduction**

The chapter focuses on the research philosophies, research approaches and research methods. Furthermore, it focuses on data collection and data analysis tools to achieve the aim and objectives of the study. This chapter highlights the research paradigms and the available research methods and approaches and justifies the selected research approach. It further justifies the selection of the quantitative research method used in this research.

3.2- Types of research

According to Saunders *et al.*, (2012), the study can be exploratory research, explanatory research or descriptive research. The following will shed the light on these types of research in detail.

3.2.1- Exploratory research

The objective of this type of research is to search for hypotheses, patterns or ideas. Thus, the concentration is not on testing the hypotheses in the first place but is on gaining insight into the topic being studied in order to be tested later (Collis and Hussey, 2009). This type of research depends on open questions to gain insights into the studied subject area and it is useful particularly to grasp an individual's understanding of the problem at hand. For example, this type of research is helpful if the researcher is not sure about the nature of the problem (Saunders *et al.,* 2012). Also, this type of study is helpful if there is little information about the problem (Aly, 2008). It will start with a broad concentration but will become narrow once the research progresses (Saunders *et al.,* 2012).

The exploratory research can be performed by interviewing experienced people in the subject area being studied or conducting focus group interviews (Saunders *et al.,* 2012; Sekaran and

Bougie, 2010). The interviews aim to collect ideas about the real world. Exploratory research is widely used by companies based on innovation, such as Microsoft, Cisco, Apple and Vodafone. The companies seek to extract new ideas from this type of research, especially technologies that meet the customers' needs. It is very important to product innovation and it fits with the qualitative research method (Jr *et al.*, 2016).

3.2.2-**Descriptive research**

This type of research aims at describing a situation by giving the activity or the event specific measures. It is performed by using descriptive statistics, such as mean, median and frequency and a statistical test to examine the relationship. (Jr *et al.,* 2016). This type of research uses quantitative research or qualitative research (Jr *et al.*, 2016). This research comes after performing the exploratory research or before conducting the explanatory research (Saunders *et al.,* 2012). The purpose of this research is to describe the characteristics of the subject area being studied, such as when must the company maximize production? and what are the most effective advertisements? The hypotheses are extracted from the theory to identify what should be measured (Jr *et al.*, 2016).

3.2.3-**Explanatory research**

The objective of this type of research is to understand and grasp the phenomena by establishing causal relationships among the variables being studied (Collis and Hussey, 2009; Saunder *et al.,* 2012). This type of research is also called analytical research (Collis and Hussey, 2009) or causal research. Causality means that any change in the cause (X) will lead to a change in the effect (Y) (Jr *et al.,* 2016). Explanatory research reveals associations (relationships) between the variables by studying the problem at hand (Creswell, 2014).

This study is explanatory because its major purpose is to study the effect of (X), that represents personnel contact quality, ordering procedures, trust, commitment, coercive power, and reward power on (Y), that is customer satisfaction.

3.3- <u>Research Methodology</u>

A researcher is responsible for adopting one of many types of methodologies that are available in the literature such as deductive, inductive, quantitative, qualitative, descriptive, exploratory, predictive and basic research (Hussey and Hussey, 1997). The process of choosing the methodology depends on assumptions made by the researchers of how they look at the investigated world as an important part of the research philosophy (Saunders *et al.,* 2012).

3.4 -<u>The reason for understanding the research philosophy</u>

In social science, the researcher is concerned with developing knowledge and identifying the nature of knowledge in the social world. Research philosophy includes assumptions on how someone views or observes the social world. This requires thinking about ontology and epistemology. These ways of thinking have an impact on the research process and the adopted methods (Bahari, 2010). Research philosophy is a significant issue in both the social and the natural sciences (Bahari, 2010).

Easterby-Smith *et al.,* (2002) assert that if the researcher fails to think on issues related to the philosophical aspects, this may negatively influence the quality of the research. Consequently, before embarking on conducting the research, the investigator is required to think about the philosophical aspects. This is because philosophy is the centric notion of the research design. Easterby-Smith *et al.,* (2002) explain why the researcher should grasp the research philosophy for the following reasons: to assist in clarifying the research design, to enable the investigator to make decisions on the research designs to determine which one of them will work better than the others and to determine and create a design which may be outside of the researcher's experience.

It is very important to understand the research philosophy. Crossan (2003) states that philosophical questions show that it is important to understand the research philosophy. Smith (1998) states that an inappropriate way of questioning leads to instability and confusion in the ideas and assumptions that people hold about the world. For this reason, there is a need to understand the research philosophy. Proctor (1998) affirms that exploring the personal beliefs result in understanding the larger philosophical matters such as the interaction between epistemology, which means exploring about knowledge, ontology, which means exploring the nature of reality and the methodological aspects followed by the research.

Easterby-Smith *et al.,* (2002) mention that it is very important to explore the philosophical issues in research because these issues specify the research methodology that is adopted in the research. This means if the researcher uses positivism, then he is interested to operationalize the concepts to measure them. The researcher uses a large sample to reduce the examined phenomena, then focuses on objective facts to formulate hypotheses. The analysis searches for relationships among variables or causality relationships, namely how one variable affects another (Collis and Hussey, 2009).

It is very important to understand the research philosophy because it can influence the practice and management of the research. The research paradigm is the framework that reflects how the research must be performed (Collis and Hussey, 2009). Paradigm is a belief system that helps the researcher to study the methods and to choose the ontological and the epistemological aspects (Guba and Lincoln, 1994).

Cohen *et al.*, (2007) assert that developing research methodology should be built on the examination of four assumptions related to the social world. They are the kind of epistemology, the kind of ontology, the relationship between people and the environment and the questions that are associated with research approach and methods. Thus, the following section focuses on the research philosophies with regard to the epistemological and ontological aspects, research approach and research methods.

3.5 -Epistemology and Ontology

Epistemology is concerned with the best ways of acquiring knowledge from the world (Easter-Smith *et al.,* 2002). In other words, this philosophy is concerned with identifying knowledge (what is knowledge), identifying the source of knowledge and the limits of knowledge (Ericksson and Kovalainen, 2008). This philosophy studies the nature of knowledge and what is acceptable knowledge in the subject area being studied (Saunders *et al.,* 2012). The central question in the social science of epistemology is if the social world should be or can be studied using the procedures followed by natural science. The answer to this question determines the acceptable knowledge that will develop within the research process (Easterby-Smith *et al.,* 2002). Blaikie (2000) states that what is existent can be known in epistemology.

Epistemology is how the researcher can classify what constitutes the knowledge and what does not constitute the knowledge (Hallebone and Priest, 2009). In other words, the researcher can identify what is acceptable knowledge in the field of study (Saunders *et al.,* 2012) and the researcher works on exploring the nature of knowledge (Allison and Pomeroy, 2000). On the contrary, ontology is "the science or study of being "(Blaikie, 2000, P. 7). This concept develops for the social science in order to encompass "claims about what exists, what it looks like, what units make it up and how these units interact each other" (Blaikie, 2000, P. 8). Briefly, ontology is concerned with describing our views (assumptions and claims) about the nature of reality. This reality is an objective reality and this means that the reality really exists or the reality is a subjective reality that is created in our minds (Flowers, 2009). For example, a workplace report introduced to an employee, may include questions on what is really going on in the company (objective reality) or what is going on according to the author's thinking (subjective reality). Thus, any phenomena such as power and culture can be studied as a reality that exists only through experience (subjective reality) or the reality is independent of people who live in it (objective reality) (Flowers. 2009). Ontology is dealing with the nature of reality (Allison and Pomeroy, 2000). Epistemology is interested in the source of knowledge such as beliefs, human feelings, books, experts and research papers (Allison, 2000), while ontology, as a concept, puts all the focus on how people experience and see the world (Allison, 2000).

It is difficult to tell the difference between ontology and epistemology (Allison, 2000). Saunders *et al.*, (2012) not only differentiate between ontology and epistemology but they also categorize epistemology and ontology. Epistemology has been categorized on the philosophical views basis as interpretivism and positivism, while ontology has been categorized as subjectivism and objectivism. It is widely common in business studies to adopt the epistemological stance by either interpretivism or positivism. Thus, both philosophies are discussed. After that, objective and subjective ontological aspects are also discussed.

3.5.1- **Positivism.**

This philosophy is extracted from the fact that the world is governed by the law of cause and effect and the deductive approach is commonly used with this philosophy to propose theories and test them (Freimuth, 2009). Collis and Hussey (2009) state that Positivism is the framework followed by the researchers to conduct the research using scientific methods and it is still widely used and it stems from the idea that reality exists independent of us. Also, the researcher is separated from reality, and the researcher's goal is to discover the theory through observation. Knowledge is obtainable by positive information because "every rationally justifiable assertion can be scientifically verified or is capable of logical mathematical proof"

(Wallimn, 2001, p.15). This means that the positivists support the application of methods used in the natural sciences. This is because the social facts, that are objective reality, are separate from individuals' beliefs and perception (Bahari, 2010). They believe that there is no difference between appearance (what is seen) and reality (how things really are). In other words, the world is real (Marsh and Furlong, 2002).

The positivists believe that there are cause and effect (patterns and regularities) in the social science and this is similar to those in the natural world (Denscombe, 2002). Thus, there is objectivity in the research (Marsh and Furlong, 2002) because the world exists externally and the research is performed in a value-free way (Bahari, 2010). This philosophy focuses on theories in order to explain social phenomena. Thus, positivists are still applying this paradigm which represents logical reasoning. This philosophy is supported by objectivity and precision rather than subjectivity. This is because positivists widely believe that reality is independent of us. Thus, the process of observing social reality will not affect that reality (Creswell, 1994).

In this philosophy, the theory helps the researcher to predict the phenomena being studied. Also, it establishes causal relationships between the variables. This can be done by establishing causal laws, then linking them with the theory. So, the social world is governed by fixed laws that represent the cause and effect relationship (Collis and Hussey, 2009). Saunders *et al.,* (2012) mention that positivism is derived from natural science. The positivists assume that what happens in the companies can be discovered by the scientific measurement of people's behaviour (Hatch and Cunliffe, 2006). Lincoln and Guba (1985) affirm that the object being studied, in the paradigm of positivism, is independent of the social actor and the knowledge can be gained by observing the phenomena and measuring them. Also, the investigator is less involved in the data collection in this paradigm, which is closely related to the quantitative methods of analysis. So, it attempts to establish associations between the variables in order to measure them (Collis and Hussey, 2009).

To sum up, Positivism can be defined as "an epistemological position that advocates the application of methods the natural sciences to the study of social reality and beyond" (Bryman, 2004, P. 11). It believes that phenomena can be examined and tested through objective methods (Crotty, 1998). The investigator is separate from the object being studied (Bryman and Bell, 2007). Also, the investigator's feelings should not be included in the research that is considered a value-free method (Saunders *et al.*, 2012).

Positivism is subjected to critiques. The first one is that the statistical data used in quantitative research do not take the spatial data into account (Marshal, 2006). Also, it considers human beings as objects, overlooking that any human being has feelings, attitudes and perceptions (Playle, 2006). In addition to that, positivism is a single scientific method that may not be enough in the research (Bryman, 2004). However, positivism is the most dominant philosophy in logistics research (Kovacs and Spens, 2007; Garver and Mentzer, 1999; Karatas-Cetin and Denktas-sakar, 2013).

3.5.2- <u>Interpretivism</u>

Interpretivism is regarded as anti-positivism (Crotty, 1998). This philosophy is closely related to qualitative research. In this philosophy, it is widely believed that persons tend to understand and discover the world in which they are living and working. Individuals orientate their meanings and experiences toward particular things and objects. This pushes the researcher to search for the complexity of views, instead of narrowing the meanings into ideas. This type of research aims to depend as much as possible on people's views of the world being studied (Creswell, 2014). Hatch and Cunliff (2006) state that this philosophy does not assume that the world is natural science as positivism does, but that the world is a social world in which individuals can develop their memories, experiences and expectations. Thus, constructing meanings about things or objects changes with time resulting in different interpretations.

Interpretivism is built on the assumption that reality is in individuals' minds. Thus, the reality is subjective. The paradigm is used by the qualitative approach researchers who are searching for the meanings of the phenomena being studied (Collis and Hussey, 2009). The researchers position themselves in this type of research and co-operate with the participants, who incline to put their values into the research. This creates different interpretations of data (Creswell, 2014). This paradigm attempts to describe and interpret the meanings of phenomena where people work and live (Lincon and Guba, 1985). The researchers are more involved in gathering data and they use data gathering techniques such as focus groups, in-depth interviews, and case studies (Collis and Hussey, 2009).

This philosophy came about as a result of criticism of positivism. Positivism assumes that systematic structural research may impose constraints on the findings and other relevant results may be ignored. Also, the positivist researchers, as critics believe, are not objective because their values and interests may be reflected in the research. In addition to that, not all social phenomena can be measured statistically (Collis and Hussey, 2009). Interpretivism assumes that social reality does not reflect objectivity but it reflects subjectivity because the social reality is shaped by people's perceptions. Thus, it is impossible to separate what exists in a researchers' mind from what exists in the social world being studied, because their cultural and historical backgrounds shape the interpretation (Creswell, 2014). Positivism is concerned with measuring social phenomena, while interpretivism is interested in exploring the sophistication of the social world (Collis and Hussey, 2009).

The interpretivist epistemology research has some problems. The first problem is related to the fact that the findings resulting from this type of research are limited because the sample size is also limited. So, the generalisability problems must be accepted when adopting this type of philosophy (Gasson, 2003). Also, in positivism, the phenomenon being studied is reduced by the large sample size to the extent which ensures commonality in the context compared to the interpretivist research which uses small samples. In addition to that, standards of quality are assessed by reliability and validity in the positivist research and those terms are not included in the interpretivist research. Also, the philosophy of interpretivism widely believes that the phenomena are in a changing state because it depends on social interactions as they occur. Consequently, the results of this research are interpreted from the investigator's perspective (Sauders *et al.,* 2012). Thus, the repetition of the same study by different researchers may lead to different results (Gray, 2009).

3.5.3- <u>The choice of the epistemological stance</u>

The most appropriate epistemological stance is positivism philosophy. This is because the research on logistics is more focused on economic concepts such as sensitivity analysis, mathematical modelling, and simulation than the behavioural approach using questionnaires, case studies, and interviews. The bases of these approaches represent the scientific approach of positivism (Mentzer and Khan, 1995). Karatas-Cetin and Denktas-sakar (2013) state that the economic approach is the most dominant approach compared to the behavioural approach in logistics research. Also, Positivism is the most predominant research philosophy in logistics research (Arlbjorn and Halldorsson, 2002; Näslund, 2002; Spens and Kovacs, 2006; Karatas-Cetin and Denktas-sakar, 2013). Authentic knowledge can be gained only by scientific knowledge (Giddens, 1974). In addition to that, the research questions, aim, and objectives of the research require the researcher to identify the effects of personnel contact quality, ordering procedures, trust, commitment, rewards power and coercive power on customer satisfaction. Thus, this means that the researcher observes the social reality and this research produces generalizations that are similar to those of natural science. This philosophy is structured and it allows the researcher to quantify the observable variables and analyse them using statistical techniques. This means that social phenomena must be observed and measured scientifically. Also, the positivistic research will be bias-free research because the personal interpretations that may influence conclusions are ignored. For the above-mentioned reasons, this research adopts the positivism philosophy and not the interpretivism one.

3.6- Objectivism

The concept is based on the fact that reality is external to social actors (Saunders *et al.*, 2012). For instance in logistics, it is considered as an objective phenomenon leading to adopting an objectivist ontological stance. This is because the outsourced companies (the 3PL user) can identify what they expect from the outsourcing companies (the 3PL provider) such as relationship marketing, relationship power and service quality. Thus, they are the only party that is entitled to evaluate these objects, as the decision to outsource means that the 3PL provider is expected to bring benefits such as improved quality and balanced relationships.

Much research performed by the organizational science that is built on the fact that reality is objective, and it is out there and there is a need for it to be discovered. (Holden and Lynch, 2004). Holden and Lynch (2004) assert that supporters of objectivism are called realists, who believe that the world is existent before the human consciousness‘existence. Also, they widely believe that valid knowledge can be obtained through observation and measurement (Giddens, 1976; Morgan and Smircich, 1980).

Bryman and Bell (2011, p. 21) state that “social phenomena and their meanings have an existence that is independent of social actors.” Thus, the world is operating in a lawful and systematic manner and it is out there and the reality is not affected by human interpretation. The researchers in this paradigm believe widely that the world is real like the natural world and they stress the importance of researching the relationships among the variables in their constitutes. (Bahari, 2010).

Wood and Welch (2010) state that this terminology is closely related to the deductive approach, quantitative research methods and positivist epistemological stance during the conducting of the research.

3.7 -Subjectivism

In subjectivism, social phenomena result from the perceptions and actions of social actors. Thus, this concept encourages the focusing of light on the social actors 'actions in order to understand their subjective meanings and this enables the researcher to understand the meanings of these actions (Saunders *et al.*, 2012). Bryman and Bell (2011, p. 21) state," ontological position which asserts that social phenomena and their meanings are continually being accomplished by social actors". The researchers under this philosophy believe that social phenomena can be accomplished by social actors (Morgan and Smircich, 1980).

Easterby-Smith *et al.,* (2002, P. 29) state that " this new paradigm which has been developed by philosophers during the last half century, largely in reaction to the application of positivism to the social sciences, stems from the view that reality is not objective and external, but is socially constructed and given meaning by people". The social phenomena are produced by social interactions and they are in a constant state of revision (Bryman, 2001). Sauders *et al.,* (2012) state that subjectivism ontology refers to beliefs that the perception of social actors and their actions lead to creating the social phenomena and the social actors are concerned with the existence of these social phenomena.

Subjectivism is compatible with the qualitative research method and inductive research approach (Wood and Welch, 2010).

Kuhn (1970) criticized subjectivism; although it is characterised as a concept of realism, it is incapable of stopping the objectivism's success and it is regarded as a real threat to scientific progress.

3.7.1- Choice of objective ontology and subjective ontology

According to the research questions created to explain the effect of relationship marketing, relationship power, and logistics service quality in customer satisfaction in the third-party logistics in Jordan; the objective ontological position is adopted. The reason for this choice is that the logistics studies are based on scientific enquiry (Mentzer and Khan, 1995; Karatas-Cetin and Denktas-sakar, 2013). "Logistics is a fertile field for scientific research "(Karatas-Cetinn and Denktas-Sakar. 2013, P. 125). The scientific enquiry is objective in nature. Thus, the knowledge obtained by the scientific method is reliable due to the emphasis on objectivism and the researcher widely believes that logistics is an objective entity. Also, research on logistics is concerned with generalizations that require the objective paradigm. For that, the study follows the objectivism philosophy and not the subjectivism ontology. In addition to that, adopting the philosophy of positivism leads to adopting objectivism (Wood and Welch, 2010).

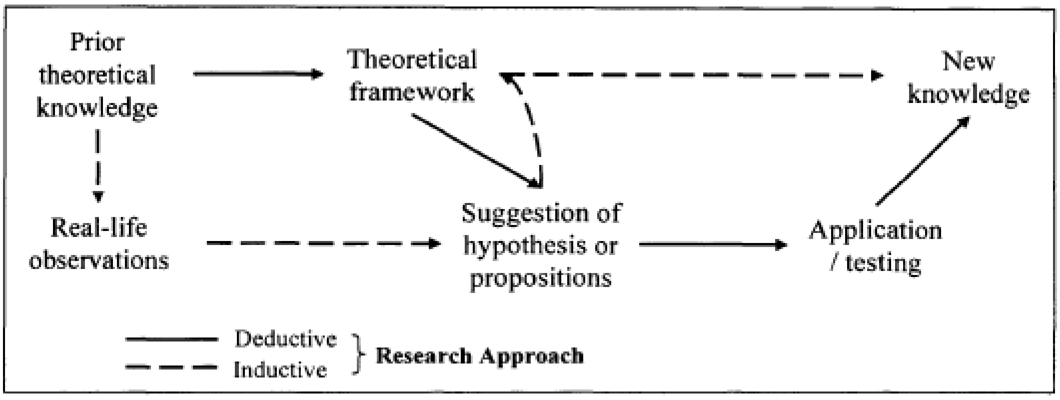
After determining and explaining the epistemological position and the ontological one, it is important to understand and determine the research approach that can be adopted. Regarding logistics research, there are deductive research approaches and inductive research approaches (Spen and Kovacs, 2006). Selecting the appropriate research approach is vital to get the conclusions of the phenomenon being studied (Wood and Welch, 2010).

3.8- The research approach (deduction and induction).

The deductive approach is based on deriving assumptions from existing theory, then testing the assumptions (Wilson, 2010). In other words, this approach deduces the findings from the tested hypotheses. This means that the researcher who adopts this approach, he or she formulates hypotheses that should be tested. After that, the researcher tests the hypotheses, based on the relevant methodology. If the premises (hypotheses) of the deductive approach are accepted, then the conclusion should be accepted too (Zalaghi and Khazaei, 2016). Beiske (2007) states that this approach begins with the theory and tests it to make sure whether this theory applies under specific conditions or not.

Deduction follows the methods of scientists and logic. It starts with a theory leading to a new assumption that is tested through comparing the assumptions with the observations after which the assumptions are accepted or rejected (Sneider and Larner, 2009). This approach is called the top-down reasoning process or the approach from general to specific (Pelissier, 2008).

Figure (3.1) shows the difference between the deduction approach and the induction approach in logistics research.



Source: Adapted from Spens and Kovacs (2006)

As shown in Figure (3.1), the deductive approach starts with prior knowledge. After that, building the theoretical framework then extracting the hypotheses from this framework to test them, concluding with the new knowledge (Spens and Kovacs, 2006).

The inductive approach states that the researcher or the observer should register what he or she observes without any biases and prejudgments and the observer should be impartial. These observations help to construct laws and theories that make up the scientific knowledge. The researcher in this approach can generalise the observations logically into scientific assumptions that get verified. Thus, this approach starts with the observations, then generalizes the conclusions to similar situations (Zalaghi and Khazaei, 2016). The generalizations should be tested to reject or accept them (Godfrey and Hudson, 2010). Bernard (2011) asserts that theories are constructed as a consequence of the observations at the end of the research. Thus, the researcher focuses on the pattern to develop the theory based on those patterns through the hypotheses.

3.8.1-Choice of the research approach.

The research questions, the objectives, and the aim of the research are to explore the effects of service quality, relationship marketing, and power in customer satisfaction from the 3PL user's perspective. The deductive research approach is adopted to collect views from a large number of 3PL users. According to Kirkeby (1990), the deductive approach is the most dominant approach in general. This is true for studies on logistics (Mentzer and Khan, 1995; Näslund, 2002; Aastrup and Halldorsson, 2008). Wanger and Kemmerling (2010) also assert that the deductive approach is the most dominant one compared with other approaches in logistics studies. By using this approach, the researcher can generate a large sample from the whole population with a degree of accuracy. Also, the complex constructs can be operationalized and this will establish the causal relationships between the studied constructs. In addition to that, this approach is a well-known approach in logistics. Thus, the research will be well understood and valued.

The research question related to gauging the relationship power between the 3PL provider and the 3PL user is still new. Also, the relationship question associated with relationship marketing using the trust-commitment theory is still in its infancy in judging the relationship between the 3PL providers and the 3PL users. This approach allows the researcher to operationalize and measure the constructs. When the researcher adopts theories from other relevant disciplines, the deductive approach is needed (Kwak, 2014). Logistics is closely related to other disciplines such as marketing, operations management, and engineering. So, the span of this field is hard to assess. This discipline has borrowed theories from other subject areas such as marketing and economics (Karatas-Cetin and Denktas-sakar, 2013). The power theory (coercive power and reward power) and the social exchange theory (trust and commitment) belong to the discipline of sociology (Karatas-Cetin and Denktas-sakar, 2013). For logistics service quality, the deductive approach is widely followed. Based on the above, the aim of the research and the objectives of the research require to follow the deductive approach.

Lastly, this research adopts the positivism philosophy that is associated with the deductive approach, objective ontology, and quantitative research method (Wood and Welch, 2010).

3.9-The research method

Collis and Hussey (2003) differentiate between the term of methodology and the term of method. The methodology is concerned with the whole research process while the term of method is concerned with the means in which data can be collected such as questionnaires, interviews, observations, secondary data and other methods of data collection.

There are two types of research methods in business research including logistics research, quantitative research method and qualitative research method (Saunders *et al.,* 2012). What distinguishes qualitative method from quantitative method is data analysis and data collection (Saunders *et al.,* 2012). Each one of them has its own characteristics and the choice of the appropriate research relies on the requirements of the research.

3.9.1- Quantitative and qualitative research methods

"Quantitative research can be characterized as a linear series of steps moving from the theory to conclusions" (Bryman and Bell, 2007, P. 177).

Wanger and Kemmerling (2010) state that there are reasons for the excessive use of quantitative research method using questionnaires in logistics research. The first reason is that the questionnaire is able to reach various locations within a company to collect the required data. The second reason is that the questionnaire allows the researcher to reach the upper management levels; in this study, it is the supply chain manager. The last reason is that it avoids drawbacks resulting from interview bias because the questionnaire ensures anonymity and standardised wording. Creswell (2014) asserts that the quantitative research method requires data collection which generates information. The information can be quantified and analysed by using statistical methods. This will lead to interpreting findings that will accept or reject the hypotheses. Williams (2007) states that data is numeric and a mathematical model is developed to analyse the data.

Sukamolson (2005) states that there are several advantages in employing the quantitative research method. The first advantage of using quantitative research method is that the population can be estimated by the researcher. Also, this type of research can provide a lot of extensive information related to people's attitudes. The findings of this type of research can be summarised statistically as well. The quantitative research method can measure actions, trends and occurrences too. In addition to that, this type of research is precise and definitive. Collis and Hussey (2009) state that the findings of quantitative research methods are reliable compared to the qualitative research. Berry and Bell (2007) state that there are three reasons for using the quantitative research method: replication, generalisation and causality.

The qualitative research method is "a research strategy that usually emphasizes words rather than quantification in collecting and analysis of data, and that rejects the practise and norms of the natural scientific method" (Bryman and Bell, 2007. P.28). The qualitative research method enables the investigator to collect a lot of data on people's feelings, thoughts and experiences. Bryman and Bell (2007) state that the qualitative research method fits with small samples and it is a time-consuming research method because interviews require a lot of time and it is hard to analyze and interpret the data because the researcher, in this research method, gets a lot of non-standardized data.

However, the qualitative research method has many disadvantages. The findings cannot be generalized compared to the quantitative research method because of the small samples. Also, the interview is subjected to the interviewer's (researcher) influence. In addition to that, this research method appears as an assembly of individual opinions and anecdotes (Pope and Mays, 1995). Rahman (2017) states that the interviewer pays much more attention to participant's meanings ignoring concentration on other important issues in the context. Berrg (2009) affirms that many social scientists give more regard and importance to the quantitative research method because it is able to quantify the studied variables. In addition to that, the cultural and the social constructs related to the studied variables may be neglected in the qualitative research method (Richards and Richards, 1994).

3.9.1.1- <u>Choice of research method</u>

The quantitative research method for this study is adopted to quantify the social phenomena, analysing them statistically focusing on a large number of 3PL users. Creswell (2014) states that quantitative research method aims at explaining phenomena. This can be done by collecting numerical data then analysing the data statistically. Furthermore, the theory was developed before undertaking the research using a quantitative method. Silverman (2011) mentions that the point is not whether the research method is quantitative or qualitative research method. The point is that as long as the research has been well established, the quantitative or qualitative research method is useful in the research. Neuman (2009) asserts that there is no single research methodology to conduct the social science study but methodologies are different ways of investigating the world.

Naslund (2002) states that due to the complexity of the logistics and transport research, the dominant research method should not exist. However, Mentzer and Khan (1995) have found that the quantitative research method is the most dominant research method in logistics research. According to Trautrims *et al.,* (2012), 450 articles are analyzed from issues of the most three reputable logistics journals and they have found out that the quantitative method is still the dominant one. Research on the supply chain and logistics is focused on the quantitative method and dominated by the positivism paradigm (Grant *et al*, 2010). Karatas-Cetin and Denktas-sakar (2013) conduct a study to explore the most dominant research method in logistics research reported in the most famous logistics journals. The results have revealed that the quantitative research method is still the most used in logistics research employing deduction and positivism.

Naslund (2002) asserts that the large sample, the complexity of statistical methods and the complexity of interpreting the findings may make the quantitative research method in logistics research distorted. However, the field of logistics is unstructured, complicated and a real-world discipline. Thus, it needs a systematic approach that presents the findings of the research through a structuralized methodology. Hence, the quantitative method is the most appropriate method for logistics research.

The quantitative research method suits the research questions, aim, and the objectives of the research because the purpose of the research questions, aim and objectives are to investigate the causal and the correlational relationship between the independent variables, comprising personnel contact quality, ordering procedures, trust, commitment, coercive power and reward power and the dependent variable, customer satisfaction using correlation and multiple regression. Also, this research adopts the positivism philosophy that is associated with the deductive approach, objective ontology, and quantitative research method (Wood and Welch, 2010).

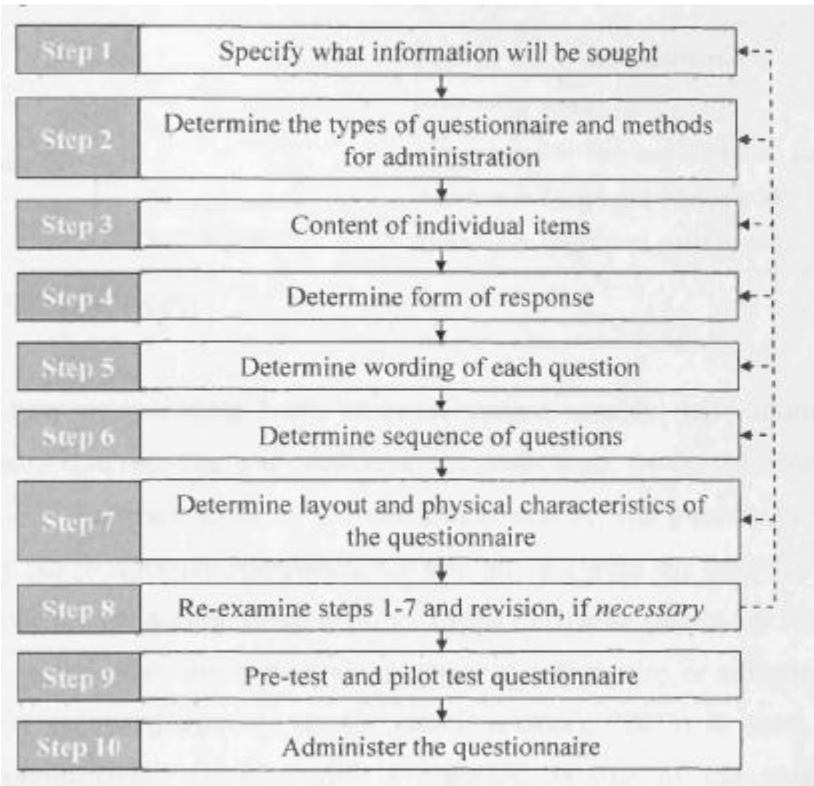
Saunders *et al.*, (2012) state that correlation is used to gauge the strength of the relationship between two variables assessed by the correlation coefficient. This value is represented by (r) statistically. The relationship may be positive if the value of r = +1. This means that an increase in the independent variable will lead to an increase in the dependent variable. Also, the relationship may be negative if the value of r = -1. Hair *et al.*, (2006) state that multiple regression is a statistical tool that could be employed to analyze the relationship between the independent variable and the dependent variable by predicting the value of the dependent variable when giving a known value to the independent variable by the researcher. By using multiple regression, the researcher can find out which one of the independent variables has the strongest effect on the dependent variable, for example, customer satisfaction. This research employs correlation and multiple regression using SPSS to analyze the collected data.

Recent studies on the same research questions conducted by researchers using the quantitative research method. Liu (2015) performs a study to investigate the effect of coercive power and non-coercive power on customer satisfaction in China using questionnaires. A study performed by Jum' a (2016) to explore the impact of logistics service quality on customer satisfaction in Jordan. He has used the quantitative research method. Jaafar (2006) uses the questionnaire as a data-gathering technique to study the effects of logistics service quality on customer satisfaction, then the effect of relationship marketing on customer loyalty in the UK.

3.10 -Data collection methods

The conceptual framework was built in the literature review. The questionnaire has been designed for collecting data. The following section explains the detailed steps in order to develop the questionnaire as shown in Figure (3.2).

Figure (3.2) illustrates the process of questionnaire development.



Source: Maylor and Blackmon (2005).

The first step is specifying what information will be collected and sought.

Collis and Hussey (2003) state that there are a lot of methods in which primary data can be collected such as on-line questionnaires, face-to-face questionnaires, interviews or focus groups. There is no consensus among scholars about the method that should be chosen but the objectives of the research and the philosophy of the research should be taken into account when selecting the method to collect the data. This study is a cross-sectional study that aims to collect data from the participants (the 3PL users) once only.

Churchill (1999) asserts that this type of study is based on statistical calculations that summarize a wide range of data gathered from a large cross-section of subjects. The terminology of cross-sectional study means that the study seeks to collect data from a large sample at a single point of time (Bryman and Bell, 2011). Thus, this study is able to establish variables and investigate the relationships among these variables.

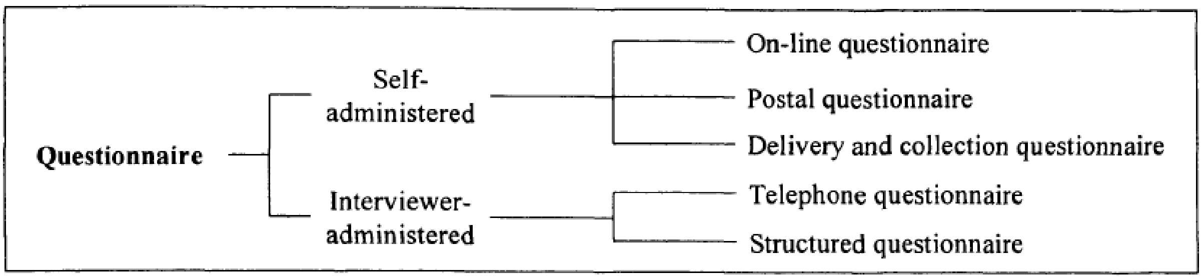
The second step is specifying the type of questionnaires and methods for administration.

Due to a large number of respondents (the 3PL users), it is very difficult to visit each respondent because of problems associated with money and time. Also, there is a weak response from these companies regarding the conducting of interviews. Hence, the questionnaire survey is selected to collect data.

Mayor and Blackmon (2005) state that a questionnaire survey is a useful technique to collect data on behaviours, facts, attitudes or opinions from a large number of respondents.

Saunders *et al.,* (2007) assert that there are many types of questionnaire surveys as shown in Figure (3.3) below

Figure (3.3) shows the types of questionnaires and methods of administrating questionnaires.



Source: Saunders *et al.,* (2007)

As shown in Figure 3.3 above, there are two types of questionnaires. The first type is self-administered questionnaires and the second one is interviewer-administered questionnaires. The difference between them is the involvement of the interviewer, namely the researcher. In the self-administered questionnaires, the questionnaires are completed by the respondents without any help or intervention from the researcher. On the contrary, the interviewer-administered questionnaires include face-to-face interviews or verbal communication between the respondents and the researcher, namely telephone questionnaires or structured questionnaires (Maylor and Blackman, 2005). The interviewer-administered questionnaires are the most used technique in business research (Mayor and Blackmon, 2005, Aastrup and Halldorson, 2008). The technique is flexible and it allows the researcher to concentrate on specific subjects and the researcher can collect extra information by a conversation with the respondents (Bryman and Bell, 2007). This method costs a lot and it takes a long time especially when dealing with a larger number of respondents who are geographically dispersed. Consequently, self-administered questionnaires are more suitable for this research because of the cost, time, the location of interviewees and the researcher , and the absence of an interviewer does not affect the respondents' answers (Bryman and Bell, 2007). Fricker and Schonlau (2002) state that the online questionnaire is not costly, it is fast and it produces a higher response rate. Thus, this study adopts online questionnaires.

The third step is determining content of individual items.

A five-point Likert scale has been used in the questionnaire. The number of variables for this research is seven constructs: coercive power, reward power, personnel contact quality, ordering procedures, trust, commitment and customer satisfaction. The constructs of coercive power, reward power, trust, commitment and customer satisfaction have been amended to fit with the research questions associated with these constructs as the following:

Table (3.1) explains the constructs of the study and the source for each one of them

Constructs	Number of items	Source
Trust	7	Adapted from Doney and Cannon (1997).
Commitment	6	Adapted from Geyskens *et al.,* (1996).
Coercive power	5	Adapted from Jansson and Zineldin (2003).
Reward power	5	Adapted from Lee (1999).
Customer satisfaction	4	Adapted from Lee (1999) and Jansson and Zineldin (2003).
Personnel contact quality	3	Mentzer *et al.,* (2001).
Ordering procedures	5	Dabholkar (1994).

Table (3.2) shows the construct and the items for each construct and the aim and objectives for each construct.

Construct	Questions / Items	Aim	Objectives
Trust	1-This 3PL provider is trustworthy. 2-This 3PL provider provides our company with believable and correct information. 3-Our company does trust this 3PL provider. 4-This 3PL is concerned with our company's success. 5-Our company should not be cautious with this 3PL provider. 6-This 3PL provider keeps promises it makes to our company. 7-When this 3PL provider makes important decisions, the logistics provider takes our company's welfare into its account.	To evaluate the impact of RM on customer satisfaction to recommend steps in which customer satisfaction can be increased.	To investigate the impact of RM on customer satisfaction in 3PL industry in Jordan
Commit-ment	1-Our company will not drop this 3PL provider since our company likes to be associated with this 3PL provider. 2-Our company enjoys the relationship with this 3PL provider. So, it wants to remain a 3PL user of this 3PL provider. 3-We have positive feelings about this 3PL provider and these feelings are the major reason for continuing working with it. 4-It is very important to our company to stay with this 3PL provider. 5-If our company terminates the relationship with this 3PL provider, this will be too costly to our company. 6-Our company has no other viable and good options. So, it continues	To evaluate the impact of RM on customer satisfaction to recommend steps in which customer satisfaction can be increased.	To investigate the impact of RM on customer satisfaction in 3PL industry in Jordan.

	the relationship with this 3PL provider.		
Coercive Power	1-Our company should accept this 3PL's proposals, otherwise the 3PL provider makes the deal worse to our company. 2-If our company does not follow 3PL's instructions, then the 3PL provider is expected to make changes that may negatively affect our company. 3-If our company does not comply with the 3PL provider's orders, then the 3PL provider threatens that the contract will not be renewed with our company. 4-Our company's future requirements will not be considered by the 3PL provider if our company does not comply with the 3PL provider's instructions 5-Our company is obligated to adjust to the 3PL provider's requirement and accept its suggestions, otherwise the 3PL provider will make things difficult to our company.	To evaluate the impact of RP on customer satisfaction to recommend steps in which customer satisfaction can be increased.	To explore the impact of RP on customer satisfaction in 3PL industry in Jordan.
Reward Power	1-Our company can get some needed help from this 3PL provider by complying with its requests. 2-Our company will receive good treatment if it does as this 3PL provider requests. 3-Our company will be favoured 3PL user by this 3PL provider if it goes along with this 3PL provider. 4-Our company will avoid some problems other 3PL users encountered by agreeing to this 3PL provider's suggestions. 5-This 3PL provider rewards our company from time to time such as getting trade discount.	To evaluate the impact of RP on customer satisfaction to recommend steps in which customer satisfaction can be increased.	To explore the impact of RP on customer satisfaction in 3PL industry in Jordan.

Customer satisfaction	1-Our company is satisfied with the relationship with this 3PL provider. 2-Our company likes that the relationship with this 3PL provider to continue. 3-Our company wishes more 3PL providers were like this 3PL provider. 4-We will recommend that other 3PL users to do business with this 3PL provider.	To evaluate the impact of RM. RP and LSQ on customer satisfaction to recommend steps in which customer satisfaction can be increased.	To investigate the impact of RM,RP and LSQ on customer satisfaction in 3PL industry in Jordan
Personnel contact quality	1-The key contact personnel appointed by this 3PL provider make their effort to understand my situation. 2-Problems are tackled by the key contact personnel working in this 3PL provider. 3-The knowledge and experience gained by the key contact personnel are adequate.	To evaluate the impact of LSQ on customer satisfaction to recommend steps in which customer satisfaction can be increased.	To investigate the impact LSQ on customer satisfaction in 3PL industry in Jordan
Ordering procedures	1-Ordering procedures followed by this 3PL provider are easy to use. 2-Ordering logistics services from this 3PL provider does not take much time. 3-Ordering logistics services from this 3PL provider does not take much effort. 4-Ordering procedures adopted by this 3PL provider is flexible. 5-Ordering logistics services from this 3PL provider is simple.	To evaluate the impact of LSQ on customer satisfaction to recommend steps in which customer satisfaction can be increased.	To investigate the impact LSQ on customer satisfaction in 3PL industry in Jordan

The fourth step is determining the form of the response.

There are two types of responses. The first form of response is the open-ended questions where the respondent can use their own words to answer the question. This type of response is good for collecting additional information (Churchill, 1976). It helps the respondent to be spontaneous (Legard *et al.*, 2003). This type of response is not used in this research because the majority of items related to the research questions are adapted from relevant studies to fit with the research questions and there is no need for extra information. The second form of response is multichotomous questions. These are close-ended questions that allow the respondents to choose one response from many alternatives (Churchill, 1976). This type of response is easy for respondents, simple to analyse, simple to tabulate and it reduces researcher bias. This type of response may bring disadvantages such as possible respondent bias and it requires effort to build the answer categories (Legard *et al,* 2003). The questionnaire as a whole adopts this type of response because there is a need to identify to what extent the respondents (the 3PL users) perceive their satisfaction with the studied constructs.

The fifth step is determining the wording of each question.

Wording of questions in a way, that should be well understood by the respondents, is very important, especially in self-administrated questionnaires because poor wording of questions may prevent the respondents from answering the questions. Also, the respondents may answer the questions incorrectly (Churchill, 1976). Thus, clarification should be made before distributing the questionnaires because the researcher cannot make corrections after distributing them. For this reason, Churchill (1976) suggests that the words should be simple to make the meaning clear and the questionnaires should be reviewed by practitioners and researchers. Academic words may be well understood by the researchers but not by the respondents and the levels of education of the respondents should be considered. Hence, the contents of the questionnaire should be reviewed by academics and respondents.

In order to make the respondents' choices clear and simple, the questions are grouped into all sections under a consistent scale starting with "strongly agree" ending with "strongly disagree". Also, the double-barrelled question is not used to avoid confusing the respondents. This means that the answer will be possibly a single one for each question.

The sixth step is determining sequence of questions

The sequence of questions is very important since the findings of the research are highly dependent on how the questions are presented to the prospective respondents (Churchill, 1992). Thus, the first few questions must be interesting, simple and do not pose a problem to the respondents in order to encourage them to answer the whole questions.

In this study, the first part of the questionnaire asks the respondents general questions such as the position they hold and their experiences. The funnel approach is used in this study starting with general issues ending with behaviour issues. If the questionnaire starts with narrow questions and ends with general questions, the respondents will not answer all the questions and this will confuse the respondents (Churchill, 1976). Also, the sensitive and difficult questions are at the end of the questionnaire because the respondents may feel threatened and they may stop answering (Churchill and Lacobucci, 2002). Based on this, questions associated with trust, commitment, and power are placed at the end of the questionnaires.

The seventh step is determining layout and physical characteristics of the questionnaires.

Churchill (1992) mentions that the physical characteristics of the questionnaire have a strong impact on the accuracy and on the respondents' cooperation in answering the questionnaires. Thus, the layout of the questionnaire is an important matter. Due to that, the academics at the

London School of Commerce (LSC) were consulted to make sure about the layout of the questionnaires and it was amended accordingly.

Saunders *et al.,* (2007) assert that the questions should be grouped into logical sections and they should be straight forward. In addition to that, shorter questionnaires will get higher response rates than the longer ones (DeVaus, 2002). As a result, the questionnaire for this study consists of (42) questions only. The staff members of Jordanian Logistics Association (JLA) stress the importance of the length of the questionnaire because the longer the questionnaire, the lower the response rate, and this has happened with other researchers. Thus, this point was taken into account by the researcher. When the questionnaires were completed, a cover letter from the Jordanian logistics association was attached in order to motivate the respondents to participate in the study by stating the purpose of the study.

The eighth step is re-examining step 1-7 and revision, if necessary.

The practitioners and the academics reviewed the first draft of the questionnaire about sequence, appearance, and wording to make sure that the questions were not ambiguous and confusing and the respondents could understand them and answer them easily. According to that review, modifications were made.

The ninth step is pre-test and pilot test the questionnaire.

3.10.1 -<u>Validity and Reliability</u>

It is very important to examine the feasibility of the questionnaire before the researcher starts collecting data (Churchill, 1992). So, this will reveal any problem related to the questionnaire's layout, sequencing, ambiguity and wording (Maylor and Blackmon, 2005). The pilot test is a small-scale test which aims to examine the questionnaire in order to minimize the probability of problems encountered by the respondents when answering the questions and to examine the questionnaire's reliability and validity (Saunders *et al*, 2007). In this study, the pilot test was carried out by the researcher after translating the questionnaire from English into Arabic by sending the questionnaire to 5 participants. Many potential errors were revealed related to blank spaces and they were corrected and no problems associated with reliability and validity were detected at this stage.

The concept of validity means the instrument or the questionnaire's ability to measure what the investigator wants to measure, whereas the reliability is concerned with the questionnaire's ability to produce or generate the same results at different times (Saunders *et al*., 2007). There is a relationship between the reliability and the validity of the questionnaire. The reliability of the questionnaire is not enough evidence for making sure of the validity of the questionnaire, although the reliability of the questionnaire is a true sign of the validity of the questionnaire (Bolarinwa, 2015). In addition to that, Bolarinwa (2015) states that, if the studied constructs (attributes) are unstable, this leads to a lack of the reliability of the questionnaire and this, in turn, will influence the validity of the questionnaire as well.

Bolarinwa (2015) states that there are many validity measures such as face validity, convergent validity and known-group validity. Also, Harrington (2009) states that the confirmatory factor analysis (CFA) is a statistical tool that can be used for the validity of the questionnaire. Face validity is when the expert in the subject area becomes confident that the items of the questionnaire, used to measure the constructs, are able to gauge these constructs accurately at the first sight (Bolarinwa, 2015).

Convergent validity means that if the researcher gauges the same construct in different ways, it predicts the same results. There are two types of scenarios. The first one is called self-report where the researcher uses self-report by placing meters on participants' TV to record the hours spent on health programmes, and then the researcher compares the result with the questionnaire's results. The second scenario is called observation where the researcher observes participants' TV at their homes, and then he or she compares the questionnaire's findings with the observations' result (Schimmack, 2010). The last type of validity is Known-Group Validity. For example, the researcher may use the questionnaire to study depression between two groups. The first group includes persons who are diagnosed with depression and the second group who do not suffer this illness. In this case, it is expected in this type of validity that the construct of depression in the questionnaire that is directed to the depressed group will score higher than those who do not suffer this illness (Bolarinwa, 2015).

Reliability is the extent to which the questionnaire yields the same findings on repeated trials with time (Ticehurst and Veal, 2000). Cronbach's Alpha coefficient is the most used reliability measure, and this value should not be less than 0.70 (Sekaran, 2000). Confirmatory factor analysis (CFA) is a reliable method that is commonly used to assess the one-dimensionality of a set of items. It has the ability to measure what it is supposed to measure (Han *et al*., 1998).

This research employs face validity and confirmatory factor analysis (CFA) for the validity and the value of the Cronbach's alpha for reliability.

Thus, the final version of the questionnaire was sent to a professor of supply chain working in the University of Jordan for the face validity. Amendments were made according to his comments.

The tenth step is administering the questionnaires.

When the questionnaires were completed and polished, it was distributed to prospective informants. The targeted audience in this study is the third-party logistics users who deploy the third-party logistics in Jordan. Methods of sampling are explained in detail hereunder.

3.11-**Methods of sampling**

The targeted audience in this study is the companies which deal with the third-party logistics or what is called freight forwarding in Jordan. The Jordanian logistics Association (JLA) is the only organisation that has a freight forwarding database (third- party logistics providers).

The Jordanian Logistics Association (JLA) was established in the year of 2007. The association aims at being the representative of the industry of freight forwarding in Jordan. The contribution of the freight forwarders is important to the industry of transportation. The association acts as spokesman for the freight forwarders with the government and other organizations.

The Ministry of Transport, as an official entity, has supported the Jordanian Logistics Association (JLA) since its inception. Also, the association has received support from the International Federation of Freight Forwarding Association (FIATA).

The JlA's vision is to reach higher levels of excellence and professionalism in the industry of logistics and supply chain by exchanging experiences and knowledge. The association's mission is to raise the standards of the industry in order to support the Jordanian economy. The Jordanian Logistics Association has many values. One of them is to make the members of the association and rivals respect each other. The second one is to offer higher quality activities, operations and programmes. Also, to make fair competition among the rivals in the industry. Lastly, supporting the welfare of the freight forwarders and helping them to offer logistics services with high standards (Jordanian Logistics Association, 2019).

Berglund *et al.*, (1999) mention that it is hard to estimate the size of the 3PL industry because of unavailability of government statistics. In addition to that, there are large companies that have many 3PL providers and they are not willing to disclose data on subsidiaries. Skjoett-Larsen (2000) mentions that there has been confusion regarding the terminologies. Some researchers consider any company working as a carrier company is a logistics provider company while others regard logistics providers that offer a wide range of logistics services.

This means that it is difficult to estimate the number of the 3PL providers in any industry. Similarly, it is difficult to estimate the number of the 3PL users. The number of the 3PL users which fills out the questionnaire is unknown. Nagin *et al.*, (2006) affirm that the researcher can reach the representative sample size if the entire population is unknown through the following formula:

$$n = \frac{Z^2 P(1-P)}{d^2} = 386 \text{ companies.}$$

Where N is the sample size, Z is statistics of the level of confidence, P is the proportion and d is the precision. The number of the 3PL users in the case of absence of the entire population is 386 companies (the 3PL users) which would answer the questionnaire in order to test the hypotheses in this study. The 386 companies represent a random sample. Mentzer and Khan (1995) state that the sample should be large when conducting logistics research. Also, if the sample size is large, this means less errors in generalizing the results (Saunders *et al*, 2007).

As stated in Chapter one of the thesis, the relationship (relationship power and relationship marketing) should be evaluated by the customer (the 3PL user). Also, logistics service quality (LSQ) should be evaluated by the customer.

This means that the quality of logistics services offered by the 3PL provider should be evaluated by the 3PL customer and the relationships (power and marketing) should be evaluated by the customer as well. The customer, therefore, is expected to answer the questions related to logistics service quality and relationships.

The online questionnaire was distributed to the 3PL providers which, in turn, sent the questionnaires by email to their 3PL clients. They, the 3PL clients, sent the questionnaires back after answering them to the researcher's email. This process took 6 weeks starting from the first week of January 2019 until the second week of February 2019. The number of returned questionnaires was 245, but the target was 386 questionnaires from 386 companies (the 3PL users). Thus, a reminder letter was sent again to encourage companies that had not answered to do so. The waiting time was 2 weeks starting from the third week of February 2019 until the fourth week of February 2019. The total number of completed questionnaires increased by 15 questionnaires. Thus, 260 questionnaires were received back from the 3PL users. However, 17 questionnaires were discarded because the 3PL users put the same answer for all five-Likert items or their responses were not complete. Thus, 243 questionnaires were ready for statistical analysis.

3.12-<u>Ethical Issues</u>

Ethical standards vary based on the academic setting which supervises the research (Bhattacharjee, 2012). Harris and Atkinson (2015) state that the ethical concern in any scientific research includes keeping participants' confidentialities, reducing the potential harm and ensuring the participant's privacy (Bhattacharjee, 2012).

The research was approved with the ethics number (EC339) by the university ethics committee. The researcher provided the respondents with enough information about the nature of the study, the aim of the study, and the objectives of the study. This helped the respondents to decide whether to participate in the study or not (Bhattacharjee, 2012). The researcher, therefore, explained to the participants that this study and the questionnaires were parts of a DBA study at the University of Wales Trinity Saint David (UWTSD). Also, the researcher's email and mobile number were available to contact the researcher if the respondent wanted to do so.

In respect to minimizing harm and voluntary participation, nobody was obliged to participate in the study. In the consent form, the respondent's participation was voluntary and he/she had the right to withdraw at any stage of the study. Thus, participation in this study was voluntary.

In terms of anonymity, the identity of each respondent was unknown to the investigator. The identity of the participants was kept confidential (Larossa and Bannett, 2018). Also, the questionnaire did not have any questions related to the participant's contact information.

For confidentiality, the investigator confirmed that the data collected would be used only for academic purposes and the data would not be given to third parties (Bhattacharjee, 2012). The researcher clarified that the data would be collected by emails and the emails would be deleted after completing the study.

3.13- Questionnaire translation

Although English is the second official language in Jordan, the decision on translating the questionnaire from English into Arabic was made for the following reasons. First, the questionnaire is not directed to the third-party logistics providers where English is commonly used between the employees when communicating with each other or even with other companies such as DHL and TNT. The questionnaires are directed to the 3PL clients which might have a low level of the English language. The second reason is related to the terminologies. Based on short visits to the logistics companies, the companies do not use the terminology of third-party logistics but they use the term of freight forwarding instead and this might have made the respondents confused. Thus, the translation of questionnaires into the Arabic language is needed. The last reason is that a large part of this research is interested in evaluating the satisfaction levels of 3PL clients with relationships (marketing and power). Thus, the use of the Arabic language might offer the respondents better access to words when they describe their deep thoughts.

Based on the above, both versions of the questionnaires (Arabic and English) were sent to a person who has a PhD in English linguistics working in the University of Jordan. This was followed by meetings with persons working in the logistics area in Jordan and amendments were made according to their comments.

3.14-Summary

The chapter focused on issues associated with methodological aspects. The positivism paradigm was chosen as the most appropriate philosophy for this research. After reviewing and evaluating the strengths and the weaknesses of positivism, interpretivism, ontology, deduction, induction, qualitative and quantitative research, the most appropriate for each one of them was selected. The justification was given for selecting the quantitative research method using the online self-administration questionnaire to collect data for the research.

Also, other methodological aspects related to sampling procedures were discussed. The development of the questionnaire was discussed. The chapter focused on the terms of validity, reliability, and the scale items used to measure the constructs or dimensions with their references. Moreover, the chapter presented the ethical issues and the pilot test for the questionnaire to reduce the problems faced by the respondents and how the questionnaires were distributed to the respondents. Furthermore, it explained how the data would be analyzed and the justification for translating the questionnaire from Arabic into English.

Chapter four: Data analysis

4.0-Introduction

This chapter is devoted to covering the statistical analysis that addresses the research objectives and framework presented in the previous chapters. The chapter presents the reliability of the survey instrument using Cronbach's Alpha and data analysis with some description for the demographic profiles of the samples being studied. In addition, the survey instrument is consisting of the basic features of the items that are presented in terms of summary statistics. These summary statistics are organized into frequency tables, diagrams, and other relevant representations to display succinct information.

The next section of the chapter examines the validity of the survey instrument by utilizing Confirmatory Factor Analysis (CFA). Lastly, the chapter discusses multiple regression analysis as well as analysis of variance (ANOVA) to test the research questions and research hypotheses. SPSS 23 software package and Mplus 8 are used to analyze the data. Mplus 8 is particularly used for CFA.

4.1-The reliability of the survey instrument

Cronbach's Alpha (α) is utilized to measure the reliability of the survey items within the latent construct. It is done by testing how well the survey items are related to each other; otherwise meaningless results shall be obtained since the survey items are not measuring what they are intended to. A rule of thumb mentions that the Cronbach's Alpha coefficient that is greater than 0.7 is considered to have a reliable scale (Cronbach, 1951).

The customer satisfaction subscale has 4 items with Cronbach's Alpha coefficient of 0.873, the ordering procedures subscale has 5 items with Cronbach's Alpha coefficient of 0.810, the personnel contact quality subscale has 3 items with Cronbach's Alpha coefficient of 0.871, the commitment subscale has 4 items with Cronbach's Alpha coefficient of 0.740, the trust subscale has 4 items with Cronbach Alpha's coefficient of 0.802, the reward power subscale has 5 items with Cronbach's Alpha coefficient of 0.825, and the coercive power subscale has 5 items with Cronbach's Alpha coefficient of 0.762. These calculated Cronbach's Alpha coefficients are considered very satisfactory and demonstrate very high internal consistency because all coefficients are above 0.70. Table 4.1 summarises the estimated Cronbach's Alpha coefficients.

Table 4.1. Cronbach's Alpha coefficients

Factor	Number of items	Cronbach's Alpha
Customer satisfaction	4	0.873
Ordering procedures	5	0.810
Personnel contact quality	3	0.871
Commitment	4	0.740
Trust	4	0.802
Reward power	5	0.825
Coercive power	5	0.762

4.2-<u>Demographic profiles</u>

In this study, several questions related to demographic profiles are asked to collect basic information about respondents, as well as to understand the characteristics of the general population. They are also used to analyze subgroups to see how responses vary between groups. In total, seven variables related to respondent profiles are gathered in this study, i.e. age groups, gender, working experience (in years), education level, position in the organization, type of services received from the 3PL providers, and whether they have a contract with the 3PL providers.

The first question asked the respondents to identify their gender. The frequency distribution based on gender is presented in Table 4.2. The result shows that the male respondents dominated the sample. Of the 243 respondents who participated in this survey, 201 were males accounting for 82.7% of the sample and the remaining 42 respondents were females (17.3%).

Table 4.2. *Distribution of gender of respondents*

	Frequency	Percent	Valid Percent
Male	201	82.7%	82.7%
Female	42	17.3%	17.3%
Total	243	100.0%	100.0%

The second question asked the respondents to identify their age group. The frequency distribution based on their age group is shown in Table 4.3. People aged over 46 years dominated the sample by approximately half of the respondents, 24.3% of the respondents were in the age group of 46 – 50 and 23.0% of the respondents were in the age group over 50. The number of young adults (18 – 25 years old) was the least, representing only 4.9% of the sample. There were 12.3% of the respondents that belonged to the age group of 26 – 30, 13.6% of the respondents belonged to the age group of 31 – 35, 15.2% belonged to the age group of 36 – 40, and 6.6% belonged to the age group of 41 – 45.

Table 4.3. *Distribution of age group of respondents*

Age	Frequency	Percent	Valid Percent
18-25	12	4.9%	4.9%
26-30	30	12.3%	12.3%
31-35	33	13.6%	13.6%
36-40	37	15.2%	15.2%
41-45	16	6.6%	6.6%
46-50	59	24.3%	24.3%
Over 50	56	23.0%	23.0%
Total	243	100.0%	100.0%

The third demographic question asked the respondents to mention their highest completed level of education. Table 4.4 summarizes the distribution of the respondents based on their highest level of education completed. The vast majority of the respondents hold an Undergraduate degree (54.3%). Nearly one third of the respondents reported that they hold community college

(31.3%), 12.8% of the respondents reported that they hold a Master's Degree, and only 1.6% of the respondents reported with completion of a high school diploma.

Table 4.4. *Distribution of highest education level completed*

	Frequency	Percent	Valid Percent
High school	4	1.6%	1.6%
Community college	76	31.3%	31.3%
Undergraduate	132	54.3%	54.3%
Master	31	12.8%	12.8%
Total	243	100.0%	100.0%

The fourth demographic question asked the respondents to mention their number of years of work experience. Table 4.5 provides the distribution of the individuals of the sample according to their work experience. Of the 243 samples, two respondents did not respond to this question. Among them, 10.8% had experience of 1 to 3 years, 7.5% had experience of 4 to 6 years, 19.9% had experience of 7 to 9 years, 17.4% had experiences of 10 to 12 years, 14.9% had experience of 13 to 15 years, and less than 30% had experience of more than 15 years.

Table 4.5. *Distribution of number of years of work experience*

	Frequency	Percent	Valid Percent
1-3 years	26	10.7%	10.8%
4-6 years	18	7.4%	7.5%
7-9 years	48	19.8%	19.9%
10-12 years	42	17.3%	17.4%
13-15 years	36	14.8%	14.9%
over 15 years	71	29.2%	29.5%
Total	241	99.2%	100.0%
Missing	2	0.8%	

The fifth demographic question asked the respondents to mention their current position in the organization. Table 4.6 provides the distribution of the individuals of the sample according to their position. The majority responded as Logistics Managers (33.3%). The numbers who responded to be in Inventory Management and Sales & Marketing were almost equal, about

23% of the total sample. There was just less than 20% who responded to be in Purchasing and Procurement.

Table 4.6. *Distribution of position in the organization*

	Frequency	Percent	Valid Percent
Inventory Management	58	23.9%	23.9%
Logistic Managers	81	33.3%	33.3%
Purchasing and Procurement	48	19.8%	19.8%
Sales and Marketing	56	23.0%	23.0%
Total	243	100.0%	100.0%

The sixth demographic question asked the respondents to identify the types of services received from the 3PL. Table 4.7 presents the frequency distribution of the respondents according to the type of services received from the 3PL. The majority of the respondents (more than two-thirds) mentioned transportation as the type of services received from the 3PLproviders, followed by warehousing mentioned by 50.2% of the respondents. Value-added services were mentioned by only 5.8% as the type of services received from the 3PL.

Table 4.7. *Distribution of services received from the 3PL*

	Frequency	Percent	Valid Percent
Transportation	168	69.1%	69.1%
Warehousing	122	50.2%	50.2%
Value-added services such as assembly, packing, and labeling	14	5.8%	5.8%
Total	243	100.0%	100.0%

The last demographic question asked the respondents whether they have a contract with the 3PL or not. Table 4.8 shows the distribution of responses to this question. The majority of respondents stated that they did not have a contract with the 3PL provider (61.2%) and the remaining 38.8% stated that they had contracts with the 3PL provider.

Table 4.8. *Distribution of contract with the 3PL*

	Frequency	Percent	Valid Percent
Yes	94	38.7%	38.8%
No	148	60.9%	61.2%
Total	242	99.6%	100.0%
Missing	1	0.4%	0.0%

4.3-<u>Descriptive statistics for the survey instrument</u>

The survey instrument is elaborated in this section by calculating the summary statistics. It has 35 items or questions covering the 7 dimensions of the construct. Four items pertain to customer satisfaction, 5 items pertain to ordering procedures, 3 items pertain to personnel contact quality, 6 items pertain to commitment, 7 items pertain to trust, 5 items pertain to reward power, and 5 items pertain to coercive power. All items were measured on a 5 point scale from 1 presenting strongly disagree to 5 presenting strongly agree (1=Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5=Strongly Agree).

Customer satisfaction is our variable of interest or the dependent variable in this study and the remaining 6 dimensions or constructs are the independent variables. Each of these constructs is further discussed in the following section.

4.3.1-<u>Descriptive statistics for customer satisfaction</u>

Table 4.9 provides the distribution of responses and summary statistics of items related to customer satisfaction. The table indicates that respondents have a high level of satisfaction within the organization, with mean scores above 3 for all items. This item is associated with satisfaction with the relationship with the 3PL provider was rated the highest with a mean score of 3.75 (SD = 0.857). More than three quarters of the survey respondents agreed or strongly agreed with this statement.

“Our company likes the relationship with this 3PL provider to continue” was rated the second highest with an average score of 3.64 (SD = 0.693). Nearly 60 % of the respondents agreed or strongly agreed with this statement. Following is “our company wishes more 3PL providers were like this 3PL providers” that was rated the third highest with an average score of 3.45 (SD = 0.818) and approximately one third of the respondents agreed or strongly agreed with this statement. Finally, “we will recommend other 3PL users to do business with this 3PL provider” was rated the lowest with an average score of 3.35 (SD = 0.832). Roughly 40% of the respondents agreed or strongly agreed with this statement.

Table 4.9. *Descriptive statistics for customer satisfaction*

No.	Dimension	N	Distribution of responses (%)					Mean	Std. Deviation
			SD (1)	D (2)	N (3)	A (4)	SA (5)		
1	Our company is satisfied with the relationship with this 3PL provider	243	6 (2%)	21 (9%)	28 (12%)	161 (66%)	27 (11%)	3.75	0.857
2	Our company likes that the relationship with this 3PL provider to continue.	243	1 (0%)	10 (4%)	82 (34%)	133 (55%)	17 (7%)	3.64	0.693
3	Our company wishes more 3PL providers were like this 3PL provider.	243	3 (1%)	15 (6%)	122 (50%)	76 (31%)	27 (11%)	3.45	0.818
4	We will recommend that other 3PL users to do business with this 3PL provider	243	3 (1%)	23 (9%)	126 (52%)	67 (28%)	24 (10%)	3.35	0.832

**SD = Strongly Disagree, D=Disagree, N=Neutral, A=Agree, SA=Strongly Agree*

4.3.2-<u>Descriptive statistics for ordering procedures</u>

Table 4.10 summarizes the frequency distribution of responses and descriptive statistics of items related to the ordering procedure. Respondents rated high for all items with mean scores above 3, meaning that customers have a high perception on this factor, i.e. that the procedures followed by logistic providers are generally effective and simple.

Perception of ordering procedures that does not take much time was rated the highest with an average score of 3.93 (SD = 0.876). More than three quarters of the respondents agreed or strongly agreed with this statement.

The second highest rated item was “ordering procedures followed by this 3PL provider are easy to use” with a mean score of 3.88 (SD = 0.849). More than three quarters of respondents agreed or strongly agreed with this statement.

The third highest rated item was simple ordering procedures of logistic services with a mean score of 3.79 (SD = 0.876). More than two thirds of the respondents agreed or strongly agreed with this statement.

The fourth highest rated item was the perception of ordering procedures of logistics services that do not take much effort. The mean score for this item was 3.77 (SD = 0.852) and nudged just ahead of the item related to flexibility of ordering logistic services (M = 3.74, SD = 0.841). Approximately two thirds of the respondents agreed or strongly agreed to these 2 statements about less effort and the flexibility of ordering procedures.

Table 4.10. *Descriptive statistics for ordering procedures*

No.	Dimension	N	Distribution of responses (%)					Mean	Std. Deviation
			SD (1)	D (2)	N (3)	A (4)	SA (5)		
1	Ordering procedures followed by this 3PL provider are easy to use	243	4 (2%)	14 (6%)	38 (16%)	139 (57%)	48 (20%)	3.88	0.849
2	Ordering logistics services from this 3PL provider does not take much time.	243	3 (1%)	15 (6%)	39 (16%)	125 (51%)	61 (25%)	3.93	0.876
3	Ordering logistics services from this 3PL provider does not take much effort	243	2 (1%)	15 (6%)	66 (27%)	115 (47%)	45 (19%)	3.77	0.852
4	Ordering logistics services from this 3PL is flexible	243	1 (<1%)	17 (7%)	69 (28%)	114 (47%)	42 (17%)	3.74	0.841
5	Ordering logistics services from this 3PL provider is simple.	243	1 (<1%)	19 (8%)	58 (24%)	116 (48%)	49 (20%)	3.79	0.867

**SD = Strongly Disagree, D=Disagree, N=Neutral, A=Agree, SA=Strongly Agree*

4.3.3-<u>Descriptive statistics for personnel contact quality</u>

Table 4.11 presents the frequency distribution of responses and descriptive statistics of items associated with personnel contact quality. Respondents rated very high for all items with mean scores above 4.

Adequate knowledge and experience gained by the key contact personnel was rated the highest with an average score of 4.10 (SD = 1.025) and nudged just ahead of the item related to a tackled problem by the key contact personnel working in the 3PL provider (M=4.09, SD = 0.993). The last item regarding the effort of the key contact personnel to understand the customer's situation was rated the lowest with a mean score of 4.04 (SD = 0.978). About 80% of the respondents agreed or strongly agreed with these 3 statements related to the key contact personnel appointed by the 3PL provider.

Table 4.11. *Descriptive statistics for personnel contact quality*

No.	Dimension	N	Distribution of responses (%)					Mean	Std. Deviation
			SD (1)	D (2)	N (3)	A (4)	SA (5)		
1	The key contact personnel appointed by this 3PL provider make their effort to understand my situation.	243	8 (3%)	15 (6%)	18 (7%)	120 (49%)	82 (34%)	4.04	0.978
2	Problems are tackled by the key contact personnel working in this 3PL provider.	243	7 (3%)	19 (8%)	10 (4%)	115 (47%)	92 (38%)	4.09	0.993
3	The knowledge and experience gained by the key contact personnel are adequate.	243	6 (2%)	18 (7%)	26 (11%)	88 (36%)	105 (43%)	4.10	1.025

**SD = Strongly Disagree, D=Disagree, N=Neutral, A=Agree, SA=Strongly Agree*

4.3.4-Descriptive statistics for commitment

Table 4.12 presents the frequency distribution of responses and the descriptive statistics of items associated with commitment. The responses varied from one item to the other. Some items were rated high, some low. The highest rated item was for "our company will not drop this 3PL provider since our company likes to be associated with this 3PL provider" with a mean score of 3.78 (SD = 0.674). More than three quarters of the respondents agreed or strongly agreed with this statement.

The second highest rated item was for "our company enjoys the relationship with this 3PL provider. So, it wants to remain a 3PL user of this 3PL provider" with a mean score of 3.66 (SD = 0.664). Over two thirds of the respondents agreed or strongly agreed with this statement.

The third highest rated item was for "we have positive feelings about this 3PL provider and these feelings are the major reasons for continuing working with it" with a mean score of 3.40 (SD = 0.617). About 40% of the respondents agreed or strongly agreed with this statement.

The fourth highest rated item was for "it is very important to our company to stay with this 3PL provider" with a mean score of 3.30 (SD = 0.608). More than one third of the respondents agreed or strongly agreed with this statement.

The lowest rated items were "if our company terminates the relationship with this 3PL provider, this will be too costly to our company" and "our company has no other viable and good options; so, it continues the relationship with this 3PL provider" with a mean score of 2.72 (SD = 0.492) and 2.71 (SD = 0.482), respectively. Less than 2% of the respondents agreed with these two statements.

Table 4.12. *Descriptive statistics for commitment*

No.	Dimension	N	Distribution of responses (%)					Mean	Std. Deviation
			SD (1)	D (2)	N (3)	A (4)	SA (5)		
1	Our company will not drop this 3PL provider since our company likes to be associated with this 3PL provider.	243	-	19 (8%)	31 (13%)	178 (73%)	15 (6%)	3.78	0.674
2	Our company enjoys the relationship with this 3PL provider. So, it wants to remain a 3PL user of this 3PL provider.	243	-	16 (7%)	61 (25%)	156 (64%)	10 (4%)	3.66	0.664
3	We have positive feelings about this 3PL provider and these feelings are the major reason for continuing working with it.	243	-	9 (4%)	137 (56%)	89 (37%)	8 (3%)	3.40	0.617
4	It is very important to our company to stay with this 3PL provider.	243	-	15 (6%)	143 (59%)	81 (33%)	4 (2%)	3.30	0.608

No.	Dimension	N	Distribution of responses (%) SD (1)	D (2)	N (3)	A (4)	SA (5)	Mean	Std. Deviation
5	If our company terminates the relationship with this 3PL provider, this will be too costly to our company.	243	-	72 (30%)	166 (68%)	5 (2%)	-	2.72	0.492
6	Our company has no other viable and good options. So, it continues the relationship with this 3PL provider.	243	-	74 (30%)	166 (68%)	3 (1%)	-	2.71	0.482

**SD = Strongly Disagree, D=Disagree, N=Neutral, A=Agree, SA=Strongly Agree*

4.3.5-<u>Descriptive statistics for trust</u>

Table 4.13 presents the frequency distribution of responses and descriptive statistics of items associated with trust. The highest rated item was for "this 3PL provider keeps promises it makes to our company" with a mean score of 3.66 (SD = 0.484). Two thirds of the respondents agreed with this statement.

The second highest rated item was for "our company should not be cautious with this 3PL provider" with a mean score of 3.60 (SD = 0.508). Less than two thirds of the respondents agreed with this statement.

Three items were rated as the third highest items with almost equal mean scores. They were "this 3PL provider provides our company with believable and correct information" (M = 3.52, SD = 0.664), "this 3PL provider is trustworthy" (M = 3.51, SD = 0.794), and "our company trusts this 3PL provider" (M = 3.51, SD = 0.794). Just below 50% agreed or strongly agreed with the first item and just below two thirds agreed or strongly agreed with the last two items.

Finally, "when this 3PL provider makes important decisions, the logistics provider takes our company's welfare into its account" was rated the lowest with an average score of 3.22 (SD = 0.443). Less than a quarter of the respondents agreed with this statement.

Table 4.13. *Descriptive statistics for trust*

No.	Dimension	N	Distribution of responses (%) SD (1)	D (2)	N (3)	A (4)	SA (5)	Mean	Std. Deviation
1	This 3PL provider is trustworthy.	243	-	39 (16%)	47 (19%)	150 (62%)	7 (3%)	3.51	0.794
2	This 3PL provider provides our company with believable and correct information.	243	-	8 (3%)	115 (47%)	105 (43%)	15 (6%)	3.52	0.664
3	Our company trusts this 3PL provider.	243	-	39 (16%)	49 (20%)	148 (61%)	7 (3%)	3.51	0.794
4	This 3PL is concerned with our company's success.	243	-	4 (2%)	179 (74%)	60 (25%)	-	3.23	0.459
5	Our company should not be cautious with this 3PL provider.	243	-	2 (1%)	94 (39%)	147 (60%)	-	3.60	0.508
6	This 3PL provider keeps promises it makes to our company.	243	-	1 (<1%)	81 (33%)	161 (66%)	-	3.66	0.484
7	When this 3PL provider makes important decisions, the logistics provider takes our company's welfare into its account.	243	-	3 (1%)	184 (76%)	56 (23%)	-	3.22	0.443

**SD = Strongly Disagree, D=Disagree, N=Neutral, A=Agree, SA=Strongly Agree*

4.3.6-Descriptive statistics for reward power

Table 4.14 provides the frequency distribution of responses and descriptive statistics of items related to reward power. Interestingly, none of the respondents strongly disagreed with all items. The highest rated item was for "our company can get some needed help from this 3PL provider by complying with its requests" with a mean score of 3.53 (SD = 0.778). Over half of the respondents agreed or strongly agreed with this statement.

Following in the second place was "this 3PL provider rewards our company from time to time such as getting trade discounts" with a mean score of 3.48 (SD = 0.688). Approximately half of the respondents agreed or strongly agreed with this statement.

The third highest rated item was "our company will receive good treatment if it does as this 3PL provider requests" with a mean score of 3.33 (SD = 0.684). More than one third of the respondents agreed or strongly agreed with this statement.

The fourth highest rated item was "our company will be a favoured 3PL user by this 3PL provider if it goes along with this 3PL provider" with a mean score of 3.25 (SD = 0.647). More than one quarter of the respondents agreed or strongly agreed with this statement.

The lowest rated item was "our company will avoid some problems other 3PL users encountered by agreeing to this 3PL provider's suggestions" with a mean score of 3.19 (SD = 0.616). Less than 20% of the respondents agreed or strongly agreed with this statement.

Table 4.14. *Descriptive statistics for reward power*

No.	Dimension	N	Distribution of responses (%)					Mean	Std. Deviation
			SD (1)	D (2)	N (3)	A (4)	SA (5)		
1	Our company can get some needed help from this 3PL provider by complying with its requests.	243	-	27 (11%)	76 (31%)	124 (51%)	16 (7%)	3.53	0.778
2	Our company will receive good treatment if it does as this 3PL provider requests.	243	-	17 (7%)	143 (59%)	70 (29%)	13 (5%)	3.33	0.684
3	Our company will be favored 3PL user by this 3PL provider if it goes along with this 3PL provider.	243	-	19 (8%)	154 (63%)	61 (25%)	9 (4%)	3.25	0.647
4	This 3PL provider rewards our company from time to time such as getting trade discount.	243	-	17 (7%)	103 (42%)	113 (47%)	10 (4%)	3.48	0.688
5	Our company will avoid some problems other 3PL users encountered by agreeing to this 3PL provider's suggestions.	243	-	12 (5%)	187 (77%)	29 (12%)	15 (6%)	3.19	0.616

**SD = Strongly Disagree, D=Disagree, N=Neutral, A=Agree, SA=Strongly Agree*

4.3.7-Descriptive statistics for coercive power

Table 4.15 provides the frequency distribution of responses and descriptive statistics of items associated with coercive power. Interestingly, none of the respondents strongly agreed with all items, except only one respondent who strongly agreed with the fifth item. This has an implication for the relatively low overall score for coercive power's items, where all means were below 3.

The highest rated item was for "our company is obligated to adjust to the 3PL provider's requirement and accept its suggestions, otherwise the 3PL provider will make things difficult to our company" with a mean score of 3.53 (SD=0.694).

The remaining four items were rated relatively similar. The item "if our company does not comply with the 3PL provider's orders, then the 3PL provider threatens that the contract will not be renewed with our company" has a mean score of 2.46 (SD = 0.799). Both items "our company should accept this 3PL's proposals, otherwise, the 3PL provider makes the deal worse for our company" and "If our company does not follow 3PL's instructions, then the 3PL provider is expected to make changes that may negatively affect our company" shared a similar mean score of 2.45. Lastly, "Our company's future requirements will not be considered by the 3PL provider if our company does not comply with the 3PL provider's instructions" had a mean score of 2.44 (SD = 0.733). Only 6% - 7% of the respondents agreed with these items.

Table 4.15. *Descriptive statistics for coercive power*

No.	Dimension	N	Distribution of responses (%)					Mean	Std. Deviation
			SD (1)	D (2)	N (3)	A (4)	SA (5)		
1	Our company should accept this 3PL's proposals, otherwise the 3PL provider makes the deal worse to our company.	243	14 (6%)	120 (49%)	94 (39%)	15 (6%)	-	2.45	0.699
2	If our company does not follow 3PL's instructions, then the 3PL provider is expected to make changes that may negatively affect our company.	243	25 (10%)	102 (42%)	98 (40%)	18 (7%)	-	2.45	0.777
3	If our company does not comply with the 3PL provider's orders, then the 3PL provider threatens that the contract will not be renewed with our company.	243	29 (12%)	91 (37%)	105 (43%)	18 (7%)	-	2.46	0.799
4	Our company's future requirements will not be considered by the 3PL provider if our company does not comply with the 3PL provider's instructions.	243	21 (9%)	107 (44%)	101 (42%)	14 (6%)	-	2.44	0.733
5	Our company is obligated to adjust to the 3PL provider's requirement and accept its suggestions, otherwise the	243	12 (5%)	105 (43%)	112 (46%)	13 (5%)	1 (<1%)	2.53	0.694

No.	Dimension	N	Distribution of responses (%)					Mean	Std. Deviation
			SD (1)	D (2)	N (3)	A (4)	SA (5)		
	3PL provider will make things difficult to our company.								

**SD = Strongly Disagree, D=Disagree, N=Neutral, A=Agree, SA=Strongly Agree*

4.4-<u>The validity of the survey instrument</u>

This section examines the survey instrument's validity by using Confirmatory Factor Analysis (CFA). A CFA is a reliable method that is commonly used to assess the one-dimensionality of a set of items. It has the ability to measure what it is supposed to measure for a latent variable. In this context, CFA is carried out to verify the number of items underlying the construct (factor) and examine the relationship between items and their corresponding factor.

When performing CFA, researchers must have specific knowledge of (a) the number of factors, (b) variables that reflect the factor, and (c) factors that are correlated with each other. The measurement model for each score can be examined within CFA to test if the gathered data represent the theoretical model. CFA can be performed to estimate various fit models until the most suitable one can be obtained (Han *et al*., 1998).

The first step in CFA begins with formulating the theoretical model (hypothesis) about the measurement of the latent variables. The next step is testing the fitted model statistically using the data at hand. The basic logic of CFA according to Harrington (2009) can be summarised as the following:

1. There is a concept or trait in the form of ability that is defined operationally so that it can be measured by arranging some questions or statements (items). This ability is called a factor, while measurement of this factor is done through analysis of the responses (the answer to the item).

2. It is theorized that the item only measures one factor. In other words, the model is a unidimensional model.

3. According to the unidimensional model mentioned above, a collection of mathematical equations can be defined. These equations can be used to predict the correlation matrix between items. This correlation matrix is called sigma (Σ). It reflects the correlation between items that should be obtained if the correlation between items is true (unidimensional). This matrix is then compared with the correlation matrix that is obtained empirically from the data at hand. This correlation is called matrix as S. If our theory is correct about the true underlying model (unidimensional) then there should be no significant difference between the elements in the correlation matrix S and Σ. Mathematically, this concept can be written as follows:

$$S - \Sigma = 0$$

4. A significance test is then further carried out to test the hypothesis specified in (3). This means the researcher wants to examine if the difference between correlation matrix S and Σ is significantly different from zero or not. In other words, the hypothesis can be formulated as follows:

$$H_0: S - \Sigma = 0$$

$$H_1: S - \Sigma \neq 0$$

If the data support our theoretical model then the null hypothesis will not be rejected, meaning the difference between correlation matrix S and Σ is not statistically significant. In other words, the model fits the data well. This suggests that the theory that states all items measure the same thing (or factor) is supported by the data. On the other hand, if the data do not support our theoretical model then the null hypothesis is rejected (or the alternative hypothesis is accepted), meaning the difference between correlation matrix S and Σ is significant. Thus, the fitted model does not support the observed data.

5. If the theoretical model is accepted or if the model fits the data, the next step is testing the significance of each item, whether it measures what it is supposed to measure, by using a t-test.

In the estimation process of CFA model, as specified in (4) above, fit statistics have to be examined to check if the model shows a good fit to the observed data or not. If the model does not show a good fit then modification is needed to improve the model fit. There are different types of fit indices; some are based on significance tests and some are not. Fit indices based on a significance test are Chi-square test and Root Mean Square Error of Approximation (RMSEA). Meanwhile, fit indices based on non-significance tests are many, such as TLI, CFI, NFI, SRMR, etc. and some rule of thumbs are required for these indices for a minimum level of scores/values to determine a good fit (Byrne, 2001). In this research, TLI and CFI are used as they are commonly used for this purpose

The Chi-Square (χ^2) test is a significance test to evaluate if the model fits the observed data. It tests the null hypothesis that states that there is no significant discrepancy between the observed data and the predicted data against the alternative hypothesis of significant discrepancy between the two. This discrepancy is assessed to test if the null hypothesis of no discrepancy can be rejected or not by setting the significanc level (usually $\alpha = 5\%$) to obtain χ^2 value. If the probability is above 0.05, then the null hypothesis is not rejected. (Holmes-Smith *et al.*, 2004). In other words, if the p-value is greater than the level of significance, then a good fit model can be concluded.

The Chi-square test has a drawback because it is highly sensitive to the sample size. As a sample size increases, the more likely it rejects the null hypothesis and consequently, it becomes difficult to get a model fit in CFA.

Alternatively, RMSEA (Root Mean Square Error of Approximation) is used and it does not depend on the sample size in the calculation. Steiger (1990) proposed RMSEA index to examine the probability of observing RMSEA value less than 0.05. The model shows a good fit, if this probability is greater than 0.05, i.e. p (RMSEA < 0.05) > 0.05.

In the baseline comparison, the Tucker Lewis Index (TLI) proposed by Tucker and Lewis (1973) and the comparative fit index (CFI) proposed by Bentler (1990) are commonly used to evaluate the improvement of the fitted model. This is done by comparing the proposed model to a baseline model fit criteria. The range of TLI and CFI values are between zero and one. If the value is above 0.90 then the model is an adequate fit model and if the value is above 0.95 then the model is a very well fit model (Hulland *et al.*, 1996).

4.4.1- <u>The validity for the construct of customer satisfaction</u>

Customer satisfaction is measured by 4 survey items. Using the CFA, these items are examined if they are unidimensional or that they represent a common underlying construct of customer satisfaction. The first step of analysis suggests that the model is not a good fit model because the p-value from the Chi-square test is below 0.05 ($\chi^2(2) = 15.24, p = 0.001$) and the value of RMSEA is 0.165. This means the null hypothesis is rejected and the model does not fit the data well. Modifications are made to the original model where measurement errors for some items are made free to correlate with each other. Modification is performed once to get a model fit. The Chi-square test shows an insignificant result at 5% level since the p-value is above 0.05. ($\chi^2(1) = 5.399, p = 0.528$).

The null hypothesis of no difference between the theoretical model and the empirical sample model is not rejected indicating a good fit model. The results from RMSEA also support this. The value of RMSEA is 0.000 and the probability of RMSEA less than 0.05 is 0.638, showing a good fitted model because the probability is above 0.05. Other fit indicators, CFI = 1.000 and TLI = 1.007, also support these findings since both values are above 0.90. The resulting model fit indices are summarised in Table 4.16. Thus, a one-factor model can be accepted, or that all 4 items only measured customer satisfaction. Figure 4.1 illustrates the diagram of the fitted model.

Table 4.16. *Model fit indices for customer satisfaction*

	Chi-Square test			RMSEA			CFI	TLI
	χ^2	df	p-value	Estimate	90% CI	p-value		
Before modification	15.239	2	0.001	0.165	[0.094, 0.247]	0.005	0.973	0.920
After modification	0.399	1	0.528	0.000	[0.000, 0.145]	0.638	1.000	1.007

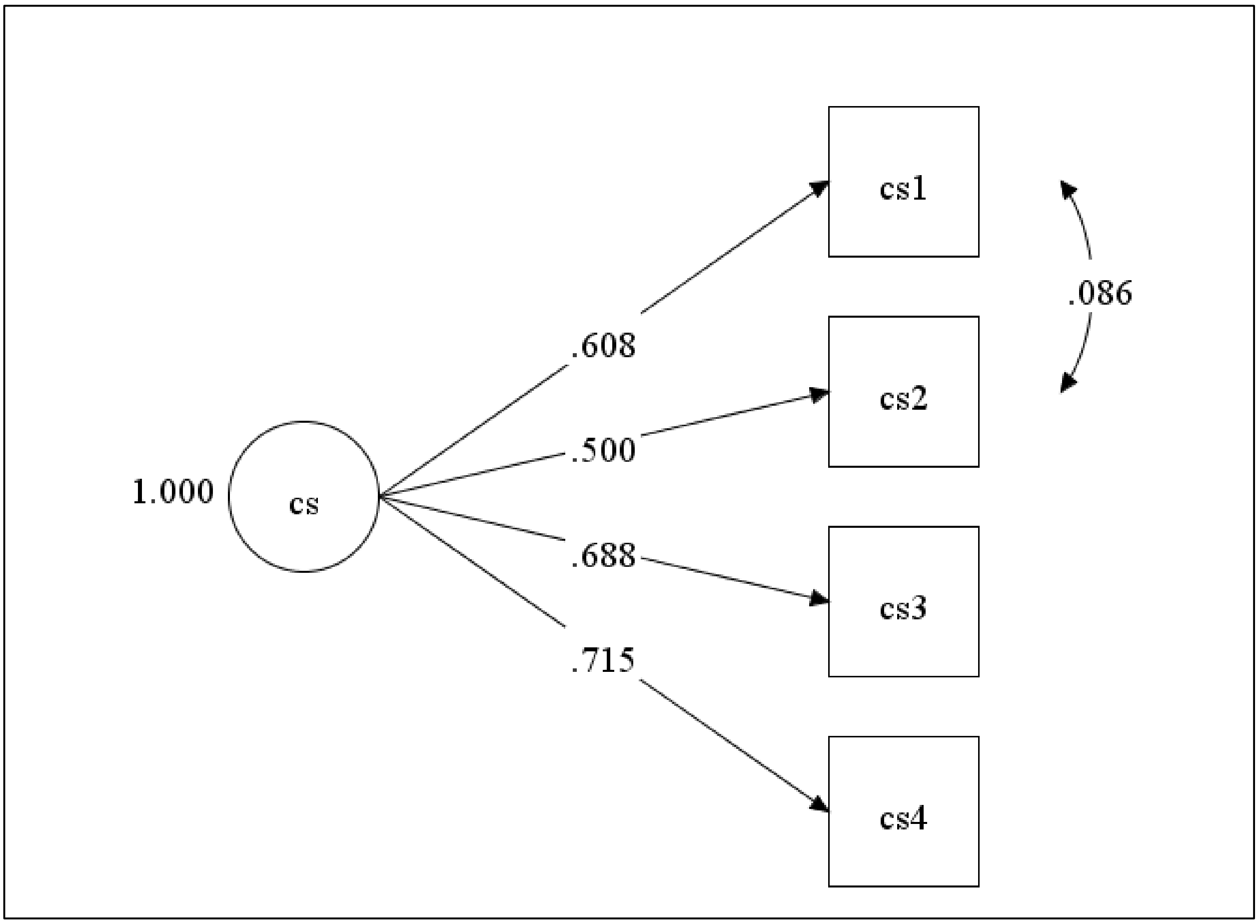


Figure 4. 1. *The one factor model for measuring customer satisfaction consisting of 4 survey items*

After the model fit has been confirmed to the observed data, the significance of each item is evaluated, i.e. to test if the four survey items significantly measured customer satisfaction. The estimated coefficient or factor loading for each item was found significant since all p-values were less than 0.05. Thus, the conclusion is that the items significantly measure customer satisfaction. In addition, the loadings for all items are relatively high since the standardized coefficients are above 0.5.

The fitted model indicates that the recommendation that other 3PL users do business with this 3PL provider is the most important item of the latent construct with the highest loading factor (0.715). This suggests that this item is the most important. The least indicator is liking the continuation of the relationship with this 3PL provider with a loading factor of 0.500. Table 4.17 summarised these findings.

Table 4. 17. *Estimated coefficient (factor loading) for one-factor CFA model of customer satisfaction*

Item	Description	Estimate	Std. Error	t	p-value
CS1	Our company is satisfied with the relationship with this 3PL provider	0.608	0.051	11.953	<0.001
CS2	Our company likes that the relationship with this 3PL provider to continue.	0.500	0.041	12.251	<0.001
CS3	Our company wishes more 3PL providers were like this 3PL provider.	0.688	0.045	15.111	<0.001
CS4	We will recommend that other 3PL users to do business with this 3PL provider	0.715	0.046	15.567	<0.001
	Correlation CS1 and CS2	0.086	0.025	3.524	<0.001

4.4.2- <u>The validity for the construct of ordering procedures</u>

Ordering procedures are measured by 5 survey items. Using CFA, these items are examined if they are unidimensional or that they represent a common underlying construct of ordering procedures. The first step of analysis without any modification indicates that the model shows a good fitted model because the p-value from the Chi-square test is above 0.05 ($\chi^2(5) = 2.961, p = 0.706$). The null hypothesis of no discrepancy between the theoretical model and the observed model cannot be rejected indicating a good fit model. The results from RMSEA also suggest a very good fit since the value of RMSEA is 0.000 and the probability of RMSEA less than 0.05 is 0.889, which is above 0.05. This finding is also confirmed from other fit indicators: CFI = 1.000 and TLI = 1.012, suggesting a very well fit model because both values are above 0.9. The resulting model fit indices are summarised in Table 4.18. Thus, the one-factor model can be accepted and all 5 items measure one factor of ordering procedures. Figure 4.2 displays the diagram of this one-factor model.

Table 4.18. *Model fit indices for ordering procedures*

	Chi-Square test			RMSEA			CFI	TLI
	χ^2	df	p-value	Estimate	90% CI	p-value		
	2.961	5	0.706	0.000	[0.000, 0.067]	0.889	1.000	1.012

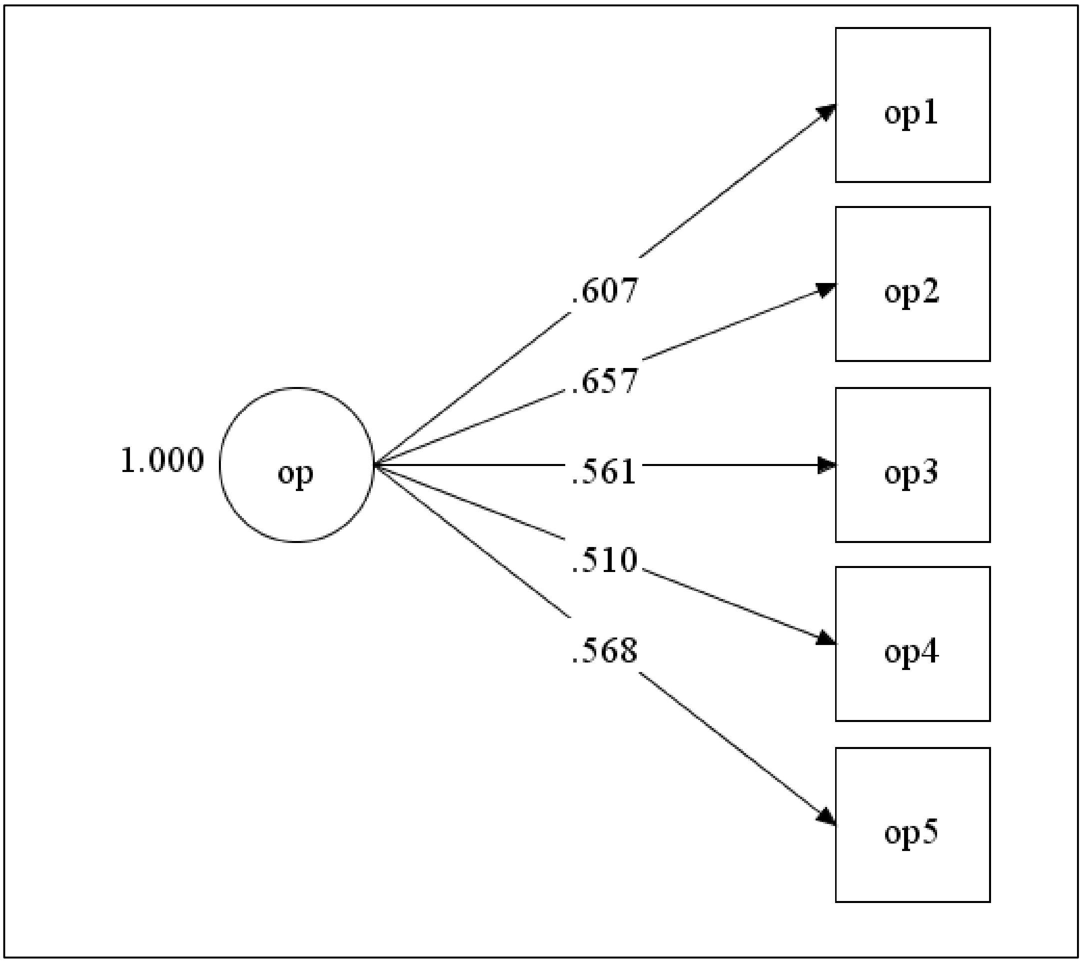


Figure 4. 2. *The one factor model for measuring ordering procedures consisting of 5 items*

After a model fit has been confirmed to the observed data, the next step is to examine if each item significantly measured ordering procedures. The estimated factor loading for each item was found significant since the p-values are below 0.05. Thus, the conclusion is that the survey items are statistically significant in measuring ordering procedures. Furthermore, all items are found to have high loadings because the standardized coefficients are above 0.5.

It can also be seen from the fitted model that fast service time (ordering logistics services does not take much time) is the most important item of the latent construct as the estimated factor loading is the highest (0.657). The least important item is flexible ordering logistic services with a factor loading of 0.510. Table 4.19 presents these findings.

Table 4. 19. *Estimated coefficient (factor loading) for one-factor CFA model of ordering procedures*

Item	Description	Estimate	Std. Error	t	p-value
OP1	Ordering procedures followed by this 3PL provider are easy to use	0.607	0.052	11.677	<0.001
OP2	Ordering logistics services from this 3PL provider does not take much time.	0.657	0.053	12.386	<0.001
OP3	Ordering logistics services from this 3PL provider does not take much effort	0.561	0.053	10.493	<0.001
OP4	Ordering logistics services from this 3PL is flexible	0.510	0.054	9.485	<0.001
OP5	Ordering logistics services from this 3PL provider is simple.	0.568	0.055	10.404	<0.001

4.4.3-<u>The validity for the construct of personnel contact quality</u>

Personnel contact quality is measured by 3 survey items. Using CFA, these items are examined for if they are unidimensional or that they represent a common underlying construct of personnel contact quality. Since there are only 3 items, the model is saturated. Thus, the overall test of goodness cannot be performed. The resulting model fit indices are summarised in Table 4.20 and the diagram of the one-factor model is presented in Figure 4.3.

Table 4.20. *Model fit indices for personnel contact quality*

	Chi-Square test			RMSEA				
	χ^2	df	p-value	Estimate	90% CI	p-value	CFI	TLI
	0	0	0	0	[0.000, 0.000]	0.000	1.000	1.000

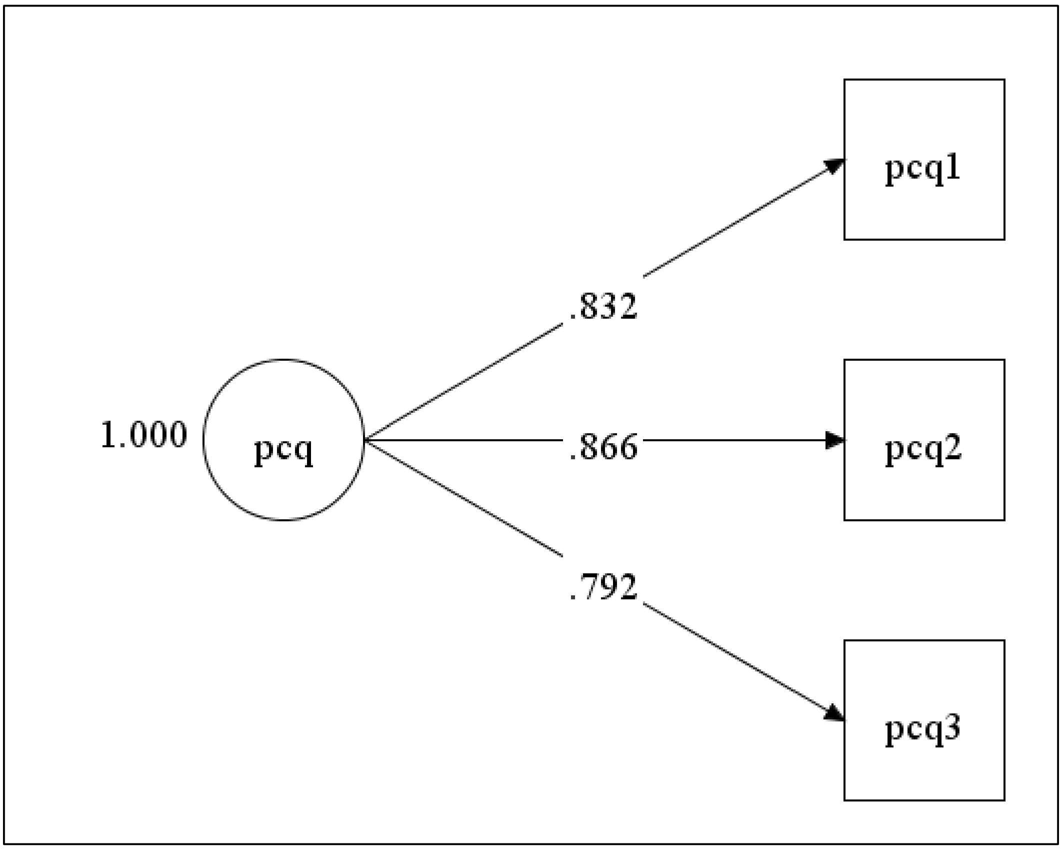


Figure 4. 3. *The one factor model for measuring personnel contact quality consisting of 3 survey items*

The estimated factor loading for all items was found significant ($p < 0.05$). Thus, personnel contact quality was significantly measured by all items. Furthermore, the factor loadings for all items are found relatively high since the standardized coefficients are above 0.5.

It can also be seen from the fitted model that the tackled problem by the key contact personnel working in the 3PL provider company is the most important item of the latent construct with the greatest loading factor (0.866). The least important item is the adequate knowledge and the experience gained by the key contact personnel (0.792). Table 4.21 summarized these findings.

__Table 4. 21__. Estimated coefficient (factor loading) for one-factor CFA model of Personnel contact quality

item	Description	Estimate	Std. Error	t	p-value
PCQ1	The key contact personnel appointed by this 3PL provider make their effort to understand my situation	0.832	0.054	15.415	<0.001
PCQ2	Problems are tackled by the key contact personnel working in this 3PL provider.	0.866	0.054	15.957	<0.001
PCQ3	The knowledge and experience gained by the key contact personnel are adequate.	0.792	0.058	13.591	<0.001

4.4.4-The validity for the construct of commitment

Commitment is measured by 6 survey items. Using the CFA, these items are examined in terms of if they are unidimensional. The first step of the analysis suggests that the model does not fit the data well because the p-value from the Chi-square test is below 0.05 ($\chi^2(9) = 468.470, p < 0.001$). Also, the value of RMSEA is 0.458. The null hypothesis is rejected and the model does not fit the data well. Modifications are made to the original model where measurement errors for some items are made free to correlate with each other. Modification is run twice and a model fit is obtained now.

The final model removed two items: "if our company terminates the relationship with this 3PL provider, this will be too costly to our company" and "our company has no other viable and good options. So, it continues the relationship with this 3PL provider". They were found to be insignificant and the inclusion of these two items did not improve the fitted model. This indicates that these items do not measure what they are supposed to measure in the same underlying construct. After these modifications, The Chi-square test is found insignificant because the obtained p-value is above 0.05. ($\chi^2(1) = 3.390, p = 0.066$). The null hypothesis of no discrepancy between the theoretical model and the observed model cannot be rejected suggesting a model fit. This finding is also supported by RMSEA results. The value of RMSEA is 0.099 and the probability of RMSEA less than 0.05 is 0.149, suggesting a good fit because the p-value is above 0.05. The calculated CFI and TLI as other fit indicators are 0.993 and 0.955, respectively, indicating a good fit model because both values are above 0.9. The resulting model fit indices are summarized in Table 4.22. Thus, a one-factor model can be accepted, this concludes that all 4 items measure commitment. Figure 4.4 depicts the diagram of this one-factor model.

Table 4.22. *Model fit indices for commitment*

	Chi-Square test			**RMSEA**			**CFI**	**TLI**
	χ^2	**df**	**p-value**	**Estimate**	**90% CI**	**p-value**		
Before modification	468.470	9	<0.001	0.458	[0.424, 0.494]	<0.001	0.407	0.011
After modification	3.390	1	0.066	0.099	[0.000, 0.224]	0.149	0.993	0.955

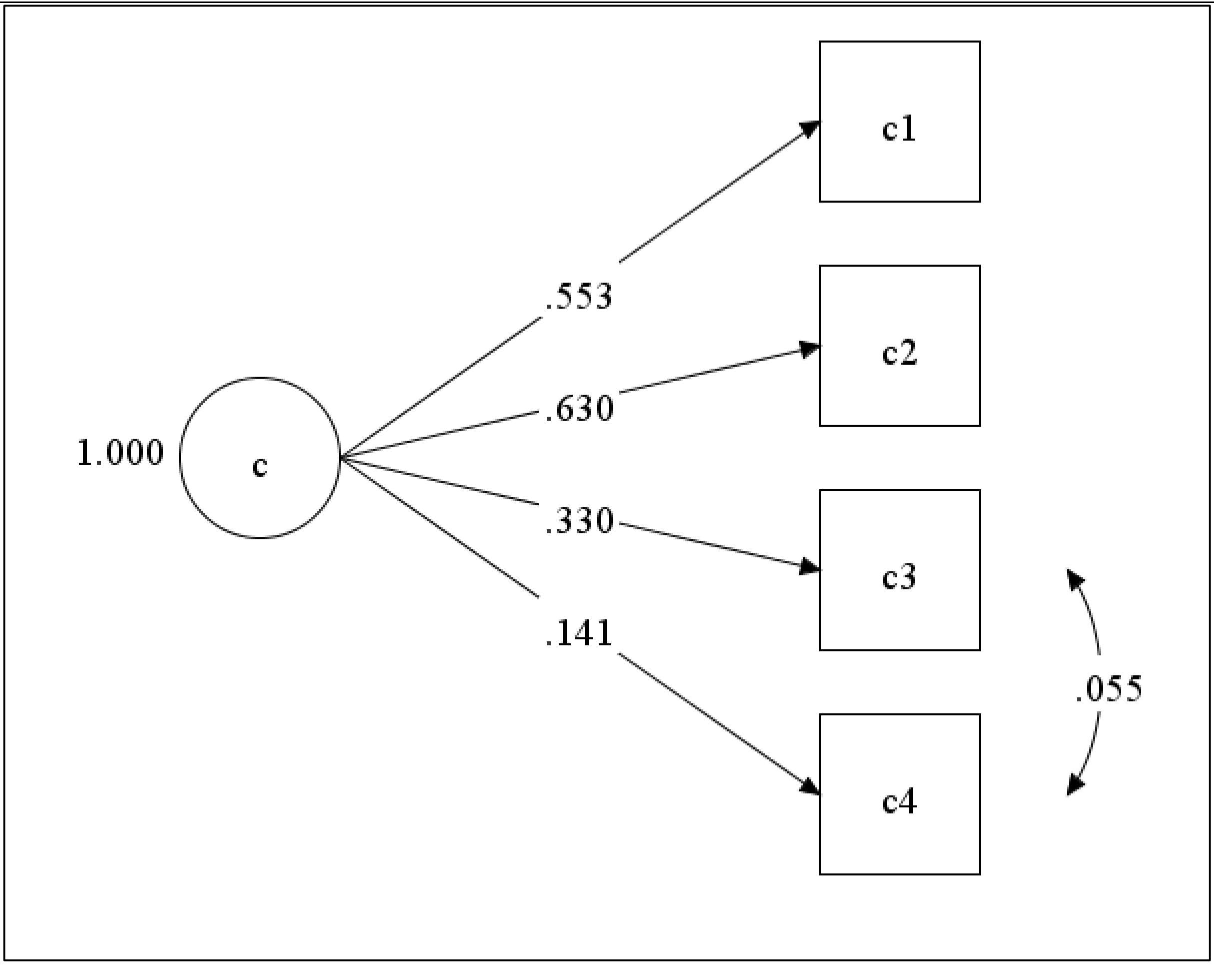


Figure 4. 4. *The one factor model for measuring commitment consisting of 4 survey items*

After a model fit has been confirmed from the observed data, the next step is examining the significance of all items, i.e. if they significantly measured commitment. The estimated coefficient factor loadings were found significant ($p < 0.05$). Thus, the conclusion is that the items are significant in measuring commitment.

Enjoying the relationship with this 3PL provider was found as the most important item of the latent construct with the greatest loading (0.630). Staying with this 3PL provider was found as the least important item since with the least loading factor (0.141). Table 4.23 summarises these findings.

Table 4. 23. *Estimated coefficient (factor loading) for one-factor CFA model of commitment*

Item	Description	Estimate	Std. Error	t	p-value
C1	Our company will not drop this 3PL provider since our company likes to be associated with this 3PL provider.	0.553	0.041	13.342	<0.001
C2	Our company enjoys the relationship with this 3PL provider. So, it wants to remain a 3PL user of this 3PL provider.	0.630	0.040	15.670	<0.001
C3	We have positive feelings about this 3PL provider and these feelings are the major reason for continuing working with it.	0.330	0.039	8.571	<0.001
C4	It is very important to our company to stay with this 3PL provider.	0.141	0.041	3.415	0.001
C5	If our company terminates the relationship with this 3PL provider, this will be too costly to our company.	-	-	-	-
C6	Our company has no other viable and good options. So, it continues the relationship with this 3PL provider	-	-	-	-
	Correlation C3 and C4	0.055	0.021	2.638	0.008

4.4.5-<u>The validity for the construct of trust</u>

Trust is measured by 7 survey items. Using CFA, the one dimensionality of these items are examined. The first step of analysis did not indicate that the model does show a good fit because of two identical items, i.e. item 1 (this 3PL provider is trustworthy) and item 3 (our company trusts this 3PL provider). These two items may convey the same message and thus one of these needs to be dropped from the model. The CFA model now consists of 6 items and the Chi-square test does not show a good fit because the p-value is less than 0.05 ($\chi^2(10) =$

$410..808, p < 0.001$). Also, the value of RMSEA is 0.406. In other words, the null hypothesis is rejected and the conclusion is that the model does not fit the data well. Modifications are made to the original model where measurement errors for some items are made free to correlate with each other. Modifications were performed three times including removing insignificant items from the model until a model fit was obtained. The final model removed two items: "our company should not be cautious with this 3PL provider" and "this 3PL provider keeps promises it makes to our company". They were found insignificant and the inclusion of these two items did not improve the fitted model. This indicates that these items do not measure what they are supposed to measure in the same underlying construct.

After these modifications, Chi-square has been performed and found insignificant with a result at 5% level ($\chi^2(1) = 0.377, p = 0.539$). Thus, the null hypothesis of a good fit model has failed to be rejected. The results from RMSEA also support this. The value of RMSEA is 0.000 and the probability of RMSEA less than 0.05 is 0.647, suggesting the model fits the observed data since the p-value is above 0.05. The calculated CFI and TLI as other fit indices are 1.000 and 1.010, respectively, showing a good model because both values are above 0.9. The resulting model fit indices are summarized in Table 4.24. In conclusion, the one-factor model of trust can be accepted. Figure 4.5 shows the diagram of this one-factor model.

Table 4.24. *Model fit indices for trust*

	Chi-Square test			**RMSEA**			**CFI**	**TLI**
	χ^2	**df**	**p-value**	**Estimate**	**90% CI**	**p-value**		
Before modification	410.808	10	<0.001	0.406	[0.373, 0.440]	<0.001	0.377	0.66
After modification	0.377	1	0.539	0.000	[0.000, 0.144]	0.647	10001	1.010

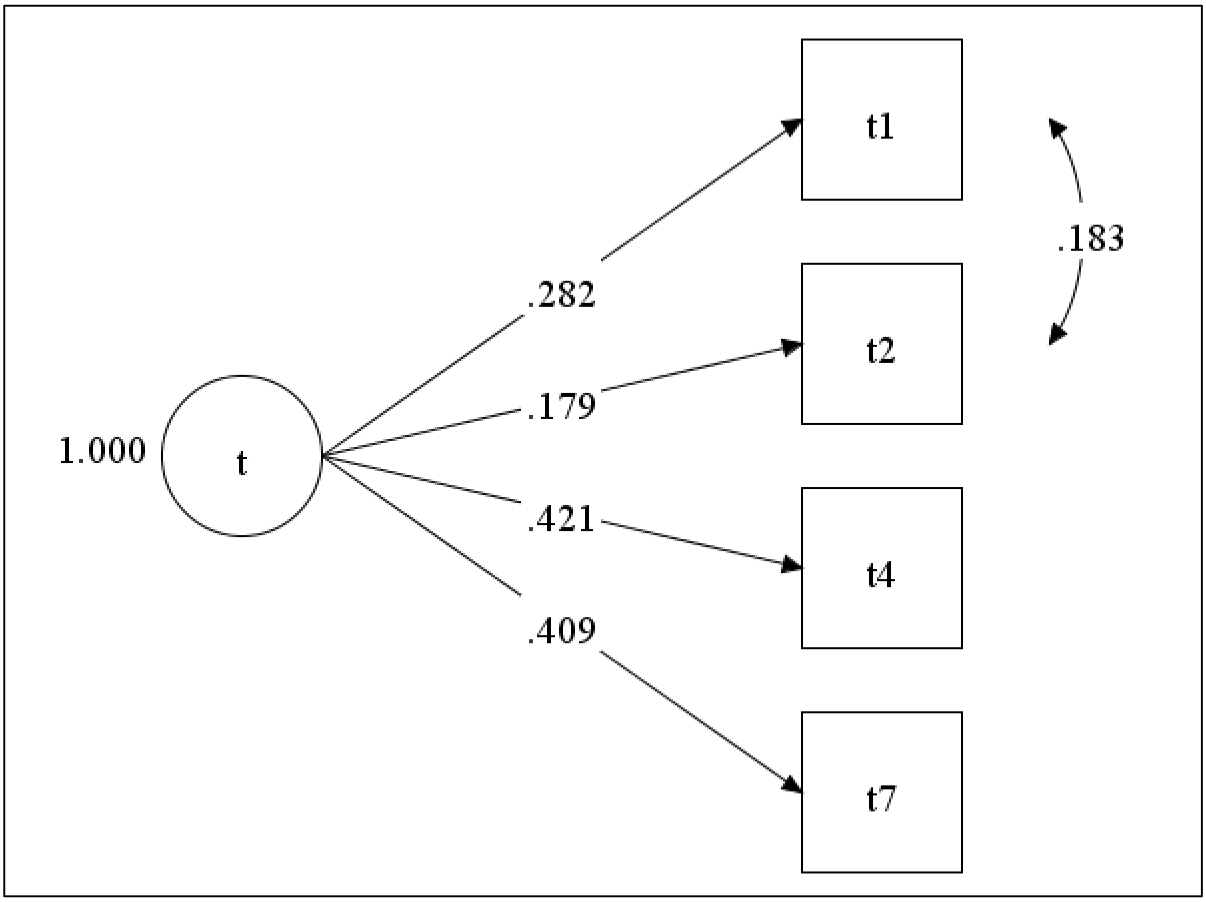


Figure 4. 5. *The one factor model for measuring trust that consists of 4 items*

After a model fit has been confirmed from the observed data, the next step is examining the significance of all survey items, i.e. if they significantly measured trust. The estimated factor loadings were found significant at 5% level ($p<0.05$). Thus, the conclusion is that the items are significant in measuring trust.

The item related to 3PL's concern with a company's success is found as the most important variable of the latent construct with the greatest loading (0.421). The least important item is providing the company with believable and correct information, with the least loading factor (0.179). Table 4.25 summarizes these findings.

Table 4.25. *Estimated coefficient (factor loading) for one-factor CFA model of trust*

Item	Description	Estimate	Std. Error	t	p-valu
T1	This 3PL provider is trustworthy.	0.282	0.051	5.502	<0.00
T2	This 3PL provider provides our company with believable and correct information.	0.179	0.044	4.113	<0.00
T3	Our company trusts this 3PL provider.	-	-	-	-
T4	This 3PL is concerned with our company's success.	0.421	0.03	14.008	<0.00
T5	Our company should not be cautious with this 3PL provider.	-	-	-	-
T6	This 3PL provider keeps promises it makes to our company.	-	-	-	-
T7	When this 3PL provider makes important decisions, the logistics provider takes our company's welfare into its account	0.409	0.029	14.114	<0.00
	Correlation T1 and T2	0.183	0.033	5.555	<0.00

4.4.6-<u>The validity for the construct of reward power</u>

Reward power is measured by 5 survey items. Using CFA, these items are checked to see if they are unidimensional or that they represent a common underlying construct of reward power. The first step of analysis reveals that the model does not fit the observed data because the probability from the Chi-square test is below 0.05 $(\chi^2(5) = 24.944, p = 0.0001)$ and the value of RMSEA is 0.128. So, the null hypothesis is rejected and the conclusion is that the model does not fit the data well. Modifications are made to the original model where measurement errors for some items are made free to correlate with each other. After modifying the model once, Chi-square test has been performed and found a significant result at 5% level since the p-value is below 0.05. $(\chi^2(4) = 14.208, p = 0.007)$. However, the significant test from RMSEA shows the contrary with a value of RMSEA 0.102 and the probability of RMSEA less than 0.05 is 0.055, suggesting a good fit since the probability is greater than 0.05. The significant test from RMSEA alone is sufficient to conclude a good fitted model of the data well because Chi-square suffers when the sample size is big as stated before.

Furthermore, the calculated CFI and TLI values of 0.977 and 0.944, respectively confirm that the model is adequate because both values are above 0.9. The resulting model fit indices are summarized in Table 4.26. In conclusion, the one-factor model of reward power can be accepted. Figure 4.6 displays the diagram of this one-factor model.

Table 4.26. *Model fit indices for reward power*

	Chi-Square test			RMSEA			CFI	TLI
	χ^2	df	p-value	Estimate	90% CI	p-value		
Before modification	24.944	5	0.0001	0.128	[0.081, 0.180]	0.005	0.956	0.912
After modification	14.208	4	0.007	0.102	[0.048, 0.163]	0.055	0.977	0.944

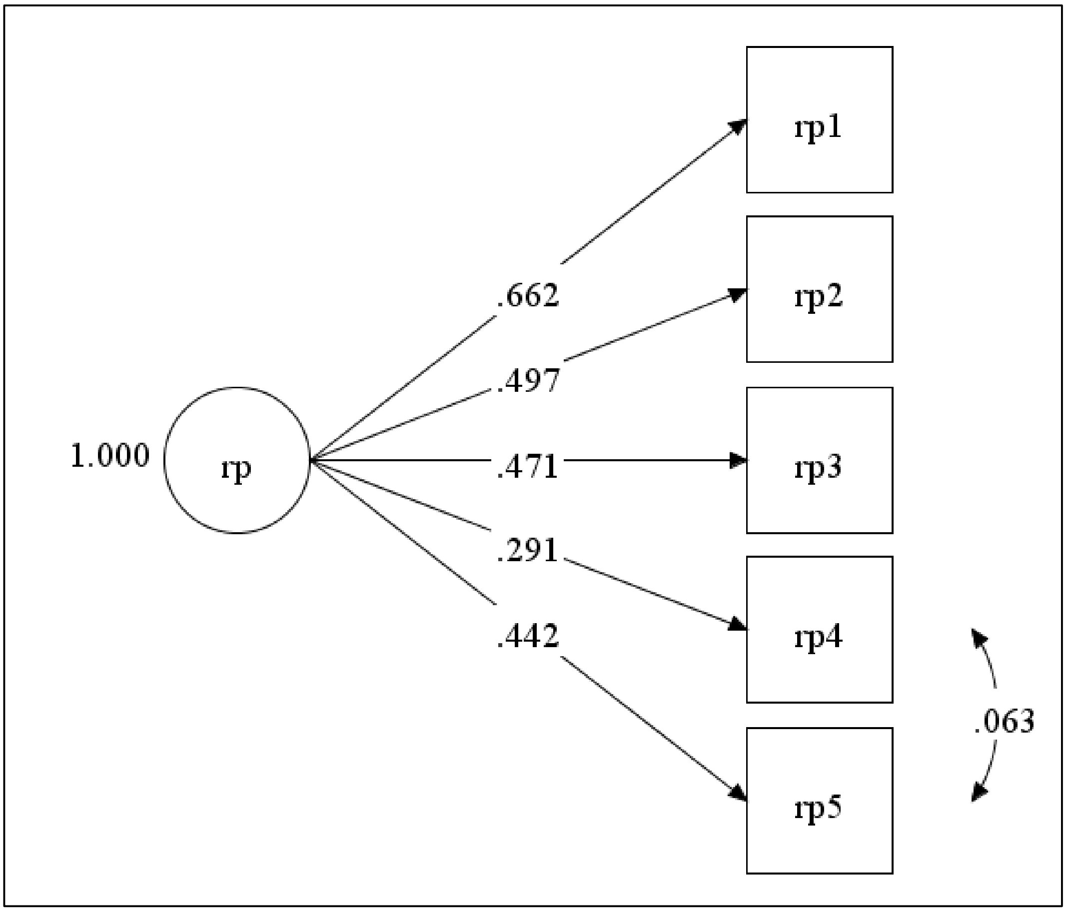


Figure 4. 6. *The one factor model for measuring reward power consisting of 5 items*

After a model fit has been confirmed from the observed data, the next step is examining if all items have significant effect on measuring reward power. The estimated factor loadings are significant (p<0.05). Thus, the conclusion is that the items have a significant impact on measuring reward power.

The model also indicates that getting some needed help from the 3PL provider by complying with its requests is the most important survey item with the greatest loading (0.662). The least important item is rewarding the company from time to time with the least loading (0.291). Table 4.27 summarizes these findings.

Table 4. 27. *Estimated coefficient (factor loading) for one-factor CFA model of reward power*

Item	Description	Estimate	Std. Error	t	p-value
RP1	Our company can get some needed help from this 3PL provider by complying with its requests.	0.662	0.044	15.116	<0.001
RP2	Our company will receive good treatment if it does as this 3PL provider requests.	0.497	0.041	12.252	<0.001
RP3	Our company will be favored 3PL user by this 3PL provider if it goes along with this 3PL provider.	0.471	0.038	12.361	<0.001
RP4	This 3PL provider rewards our company from time to time such as getting trade discount.	0.291	0.046	6.306	<0.001
RP5	Our company will avoid some problems other 3PL users encountered by agreeing to this 3PL provider's suggestions.	0.442	0.037	11.874	<0.001
	Correlation RP4 and RP5	0.063	0.021	3.074	0.002

4.4.7-The validity for the construct of coercive power

Coercive power is measured by 5 survey items. Using a CFA, these items are checked if they are unidimensional or that they represent a common underlying construct of coercive power. The first step of the analysis reveals that the model does not fit the observed because the probability from the Chi-square test is below 0.05 ($\chi^2(5) = 121.972, p < 0.001$). Also, the value of RMSEA is 0.310. The null hypothesis is rejected. Thus, the model does not fit the data well. Modifications are made to the original model where measurement errors for some items are made free to correlate with each other. After modifying the model twice, Chi-square test was performed and found insignificant because the probability is above 0.05. ($\chi^2(3) =$

$5.683, p = 0.128$). The RMSEA value is 0.061 and the probability of RMSEA less than 0.05 is 0.324, suggesting an adequate model fit. The calculated CFI and TLI values as other fit indices are 0.993 and 0.978, respectively, also support these findings because both values are above 0.9. The resulting model fit indices are summarized in Table 4.28. In conclusion, the one-factor model of coercive power can be accepted. Figure 4.7 shows the diagram of this one-factor model.

Table 4.28. *Model fit indices for coercive power*

	Chi-Square test			RMSEA			CFI	TLI
	χ^2	df	p-value	Estimate	90% CI	p-value		
Before modification	121.972	5	<0.001	0.310	[0.264, 0.359]	<0.001	0.717	0.433
After modification	5.683	3	0.128	0.061	[0.000, 0.137]	0.324	0.933	0.978

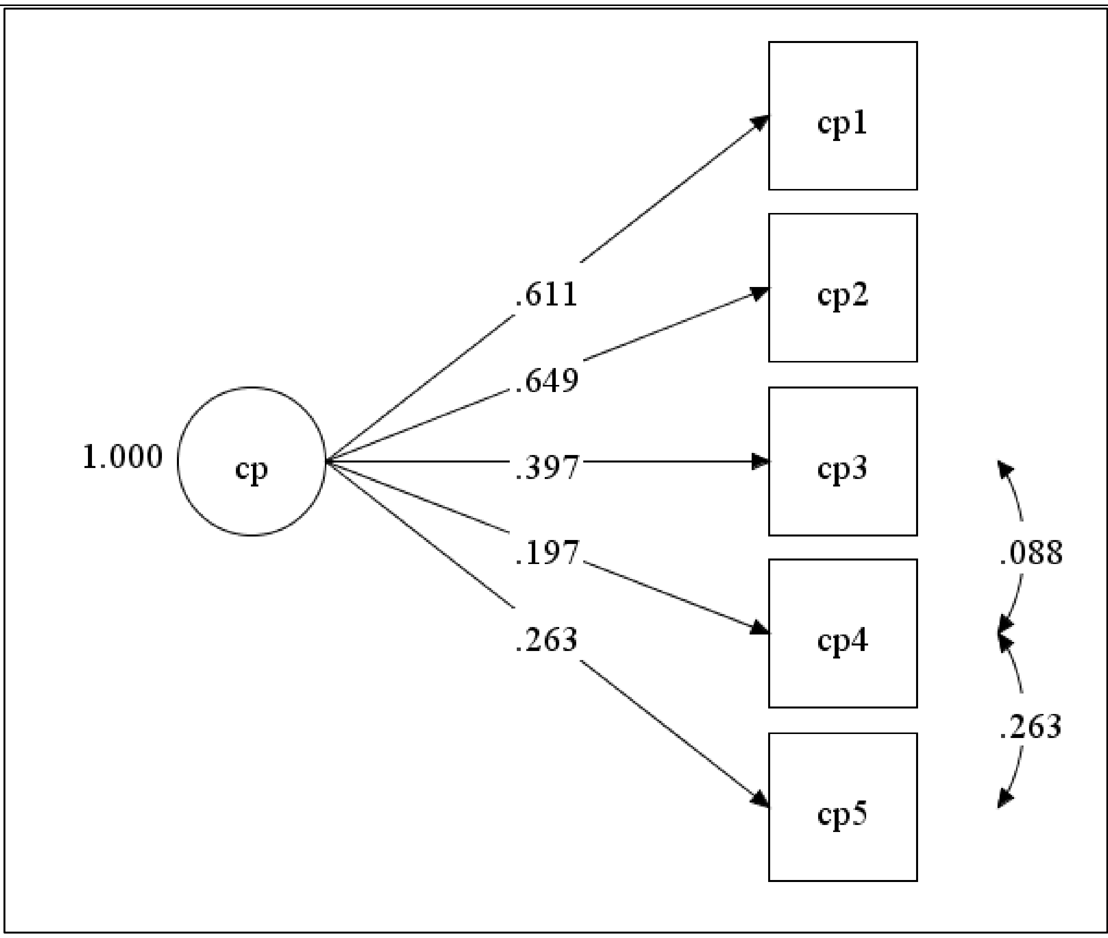


Figure 4. 7. *The one factor model for measuring coercive power consisting of 5 items*

After a model fit has been confirmed from the observed data, the next step is examining if all items have a significant impact on measuring coercive power. The estimated factor loadings are found significant ($p<0.05$). Thus, the conclusion is that the items have a significant effect on measuring reward power.

The model also indicates that "if our company does not follow 3PL's instructions, then the 3PL provider is expected to make changes that may negatively affect our company" is the most important items with the greatest loading factor (0.649). The least important factor is "Our company's future requirements will not be considered by the 3PL provider if our company does not comply with the 3PL provider's instructions" with the least loading factor (0.197). Table 4.29 summarizes these findings.

Table 4. 29. *Estimated coefficient (factor loading) for one-factor CFA model of coercive power*

Item	Description	Estimate	Std. Error	t	p-value
CP1	Our company should accept this 3PL's proposals, otherwise the 3PL provider makes the deal worse to our company.	0.611	0.042	14.433	<0.001
CP2	If our company does not follow 3PL's instructions, then the 3PL provider is expected to make changes that may negatively affect our company.	0.649	0.047	13.726	<0.001
CP3	If our company does not comply with the 3PL provider's orders, then the 3PL provider threatens that the contract will not be renewed with our company.	0.397	0.052	7.669	<0.001
CP4	Our company's future requirements will not be considered by the 3PL provider if our company does not comply with the 3PL provider's instructions.	0.197	0.050	3.961	<0.001
CP5	Our company is obligated to adjust to the 3PL provider's requirement and accept its suggestions, otherwise the 3PL provider will make things difficult to our company.	0.263	0.046	5.691	<0.001
	Correlation CP4 and CP5	0.263	0.033	7.853	<0.001
	Correlation CP4 and CP3	0.088	0.026	3.330	0.001

4.5-Composite score

Composite scores are very important in statistics as they are used to represent the factors that will be used to examine the association between the dependent and independent variables with analysis of correlation and multiple regression model. Many approaches are available to calculate composite scores. One of the most popular approaches is by simply averaging across the items within a latent construct. The following Table 4.30 shows the summary statistics for the composite scores.

Table 4.30. *Summary statistics of the calculated composite scores*

	Mean	Std. Deviation	Min	Max
Customer satisfaction	3.547	0.683	1.250	4.750
Ordering procedures	3.821	0.646	1.200	5.000
Personnel contact quality	4.080	0.891	1.000	5.000
Commitment	3.261	0.376	2.333	4.167
Trust	3.464	0.404	2.286	4.286
Reward power	3.355	0.525	2.000	5.000
Coercive power	2.467	0.530	1.200	3.800

4.6-Correlation analysis between dependent and independent variables

In order to answer the objectives of this research, an exploratory data analysis is firstly conducted to get an insight into the data by examining the correlation between the dependent and the independent variables. Table 4.31 shows that the dependent variable (customer satisfaction) has a high and positive correlation with ordering procedures (r=0.733), personnel contact quality (r=0.744), commitment (r=0.675), trust (r=0.723), and reward power (r=0.710). These coefficients of correlation are found significant since the p-values are below 0.05. Customer satisfaction was found negatively correlated with coercive power (r=-0.491). To further confirm these relationships, whether the research hypotheses can be accepted or rejected, the multiple linear regression analysis is performed in this study.

Table 4.31. *Correlation coefficient between customer satisfaction and the six independent variables*

	N	Correlation Coefficient	p-value
Ordering procedures	243	0.733	<0.001
Personnel contact quality	243	0.744	<0.001
Commitment	243	0.675	<0.001
Trust	243	0.723	<0.001
Reward power	243	0.710	<0.001
Coercive power	243	-0.491	<0.001

4.7-<u>Multiple linear regression analysis</u>

The purpose of this research is to investigate if the impact of personnel contact quality, ordering procedures, trust, commitment, coercive power and reward power on customer satisfaction is statistically significant. In total, this research looked at 6 predictive variables and based on this, 6 hypotheses were tested by utilizing multiple linear regression analysis. This method was performed to evaluate how well the independent variables can explain the dependent variable, where the dependent variable for this study is customer satisfaction.

Linear regression is a parametric procedure because it has an assumption of linear relationship between the independent variable(s) and the dependent variable. Other assumptions such as normal distribution, homoscedasticity, and multicollinear also need to be evaluated to provide reliable results and becoming the most powerful regression methods (Erili and Alakus, 2014).

The regression model to answer our research questions can be expressed as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \varepsilon$$

where:

- X_1 is ordering procedures, X_2 is personnel contact quality, X_3 is coercive power, X_4 is reward power, X_5 is trust, X_6 is commitment;
- β_0 is the intercept or the constant of the regression model;

- β_1- β_6 are the slopes or regression coefficients;
- ε is residual assuming to have a normal distribution with mean 0 and variance σ^2.

4.7.1-Assumptions of multiple linear regression

An important step in a multiple regression analysis before interpreting the results is to ensure that the assumptions of the fitted model have been met. This is very crucial in parametric regression so that the estimated regression coefficients can be trusted. The assumptions of the multiple linear regression model include multicollinearity, normality, linearity, and independence of residuals.

Multicollinearity is the first assumption checked in this study. It is a phenomenon that commonly exists in statistical analysis where two or more independent variables are highly correlated. Table 4.32 shows the results of the correlation analysis between the six explanatory variables. It appears that ordering procedures and personnel contact quality were closely related because their correlation is 0.846 which is above the 0.80 threshold. The other correlations show no indication of collinearity because the coefficients were below the threshold. However, this part of the analysis needs more exploration. A more formal approach to examine collinearity is by using the tolerance levels and the Variance Inflation Factor (VIF).

Table 4. 32. *Correlation coefficient between the independent variables*

	Ordering procedures	**Personnel contact quality**	**Commitment**	**Trust**	**Reward power**	**Coercive power**
Ordering procedures	1					
Personnel contact quality	0.846	1				
Commitment	0.526	0.614	1			
Trust	0.615	0.659	0.582	1		
Reward power	0.777	0.710	0.531	0.563	1	
Coercive power	-0.344	-0.330	-0.397	-0.426	-0.360	1

An indication of multicollinearity is if the tolerance levels are above 1 and the VIF scores are greater than 10. The results of collinearity statistics as shown in Table 4.33 revealed that there is no reason for concern that the independent variables excessively influence each other because the tolerance levels were all below 1 and the VIF scores were all below 5.

Table 4. 33. *Collinearity statistics*

	Tolerance	**VIF**
Ordering procedures	0.219	4.569
Personnel contact quality	0.231	4.321
Commitment	0.536	1.867
Trust	0.479	2.090
Reward power	0.369	2.713
Coercive power	0.771	1.297

A check for the normality is another assumption that needs to be examined in order to make valid inferences. This assumption can be assessed graphically from a histogram or normal P-P plot. This assumption of normally distributed variables applies to the residuals or errors of the regression model. Figure 4.8 shows the distribution of these residuals. The plot suggests that the residuals were approximately normal. The normal P-P plot of regression residuals in Figure 4.9 displays the observed data versus the theoretical normal distribution where the points should fall on an approximate straight line. Since there was no severe departure from the straight line, there was no indication of departure from normality.

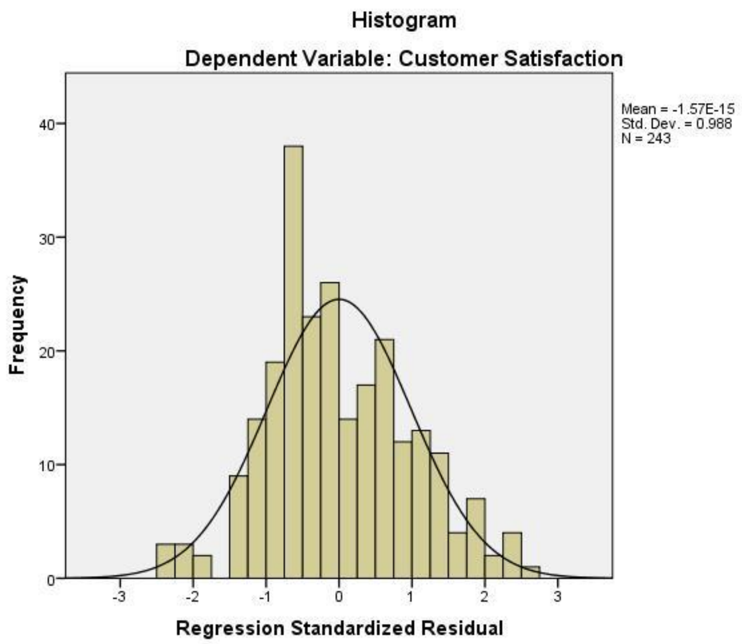


Figure 4. 8. *Histogram of regression residuals*

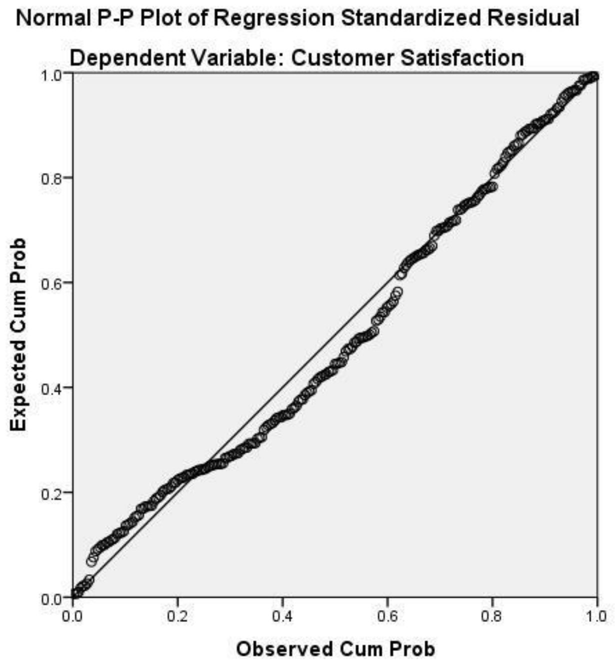


Figure 4. 9. *P-plot of regression residuals*

A linear regression model is appropriate to the data if the next assumption is also met, i.e. homoscedasticity. This assumption tells us that for each value of X, the distribution of residuals has the same variance. This means that the error level in the regression model is approximately similar despite the value of the independent variable. Constant variance assumption can be assessed graphically by plotting regression residuals against the predicted values as shown in Figure 4.10. The plot did not appear any trend or obvious pattern. The points were equally spread on the plot and there is no specific pattern. The conclusion, therefore, is that the assumption of constant variance was met.

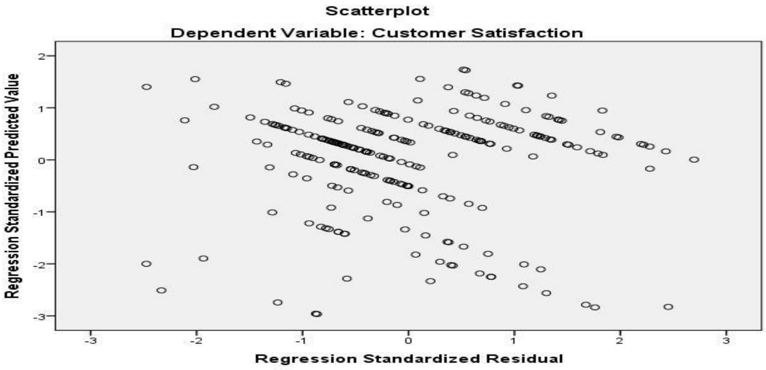


Figure 4. 10. *Scatterplot of residuals against predicted values*

The next assumption that needs to be checked is the assumption that the values of the residuals are independent or they are not correlated. To test this, a Durbin-Watson statistic can be used. The statistic varies from 0 to 4. The value has to be close to 2 to meet this assumption. The value below 1 and above 3 is a cause for concern and may render the validity of the analysis null. In this analysis, the assumption was met since the value of Durbin-Watson statistic is 1.406.

The last assumption of the regression model is linearity, i.e. the independent variables in the regression have a straight-line relationship with the dependent variable. This can be evaluated by checking if the residuals are normal and meeting homoscedasticity. Normality and homoscedasticity were met and there was no worry about linearity.

Based on the analysis above, when the assumptions of no multicollinearity, normally distributed, homoscedasticity, uncorrelated residuals, and linearity were all met, then the parametric regression or multiple regression model was appropriate for the data.

4.7.2-<u>Results for multiple regression</u>

The model summary of the fitted regression model is presented in Table 4.34 to explain the wellness of the regression equation. The overall significance of the regression model was tested by performing F statistics test. The null hypothesis in F test states that all of the regression coefficients are equal to zero or that the effects of the independent variables on customer satisfaction are not significant. Meanwhile, the alternative hypothesis states that at least one regression coefficient is different from zero or that at least, one independent variable has a significant effect on customer satisfaction.

$$H_0: \beta_1 = \beta_2 = \cdots = \beta_6 = 0$$

$$H_1: at\ least\ \ \beta_i \neq 0\ for\ \ i = 1 - 6$$

A good fitted regression model can be checked from the p-value obtained from the F-test. If this probability is below the significance level ($\alpha = 0.05$) then the null hypothesis can be rejected and the alternative hypothesis is accepted.

Table 4. 34. *Regression model summary*

	R	**R Squared**	**Overall F-Test**			
			df1	**df2**	**F**	**p-value**
Model 1	0.860	0.740	6	236	112.185	<0.001

The F test shows that the overall regression model was significant since the p-value is less than 0.05 (F (6,236) =112.185, p<0.001). A significant F-test also tells us that the observed R-squared is reliable. It quantifies how well the model fits the data, with the values ranging from 0 to 1. If the R-squared is close to one then the better the fitted regression model. The calculated R-squared is found equal to 0.740, showing that 74% of customer satisfaction can be explained collectively by ordering procedures, personnel contact quality, commitment, trust, reward power, and coercive power and the remaining percentage (26%) is explained by other factors. The R coefficient is the multiple correlation calculated from the square root of the R-squared.

It measures the multiple correlation between a response and a set of predictors. The calculated R coefficient is 0.860, showing that there is a high and positive relationship between customer satisfaction and the six independent variables.

Since the regression model showed a significant overall model fit, the next step is testing the significance of each individual regression coefficient. Table 4.35 presents the estimated regression coefficients.

Table 4. 35. *The estimated regression coefficients*

Variable	Unstandardized Coefficients		Standardized Coefficients	t	p-value
	β	Std. Error			
Intercept	-0.625	0.347		-1.802	0.073
Ordering procedures	0.172	0.075	0.163	2.297	0.023
Personnel contact quality	0.104	0.053	0.136	1.974	0.049
Coercive power	-0.172	0.049	-0.134	-3.537	<0.001
Reward power	0.245	0.071	0.189	3.455	0.001
Trust	0.422	0.081	0.249	5.198	<0.001
Commitment	0.377	0.082	0.207	4.577	<0.001

Hypothesis 1: Higher perceptions of personnel contact quality positively affect customer satisfaction

According to hypothesis 1 above, the null hypothesis and the alternative hypothesis can be expressed as follows:

H_0: perception of personnel contact quality has no impact on customer satisfaction ($\beta_2 = 0$)

H_1: perception of personnel contact quality has an impact on customer satisfaction ($\beta_2 \neq 0$)

The estimated coefficient of personnel contact quality is found to be positive and significant since the probability is below 0.05 ($\beta_2 = 0.104, t = 1.974, p = 0.049$). Thus, the null hypothesis is rejected and the alternative hypothesis is accepted. This hypothesis states that the perception of personnel contact quality has a significant impact on customer satisfaction. This supports the hypothesis (Hypothesis 1) that personnel contact quality has a significant and positive impact on customer satisfaction, meaning that, as the perception of personnel contact quality is higher, this will increase customer satisfaction. In addition, the regression coefficient of personnel contact quality is estimated to be equal to 0.104, showing that when other variables are held constant, a one unit increase in the score of personnel contact quality perception will lead to an increase in customer satisfaction by 0.104.

Hypothesis 2: Higher perceptions of ordering procedures lead to an increase in customer satisfaction

According to hypothesis 2 above, the null hypothesis and the alternative hypothesis can be expressed as the following:

H_0: perception of ordering procedures has no impact on customer satisfaction ($\beta_1 = 0$)

H_1: perception of ordering procedures has an impact on customer satisfaction ($\beta_1 \neq 0$)

The estimated coefficient of ordering procedure is positive and significant because the probability is below 0.05 ($\beta_1 = 0.172, t = 2.297, p = 0.023$). Thus, the null hypothesis is rejected and the alternative hypothesis is accepted. The alternative hypothesis states that the perception of ordering procedures has a significant effect on customer satisfaction. This supports the hypothesis (Hypothesis 2) that ordering procedures have a significant and positive impact on customer satisfaction, meaning that as perception of ordering procedures is higher this will increase customer satisfaction. In addition, the regression coefficient of ordering procedures is estimated equal to 0.172, showing that when other variables are held constant, a one unit increase in the score of ordering procedures perception will lead to an increase in customer satisfaction by 0.172.

Hypothesis 3: Higher levels of trust positively affect customer satisfaction

According to hypothesis 3 above, the hypothesis can be divided into null hypothesis and alternative hypothesis as follows:

H_0: trust has no impact on customer satisfaction ($\beta_5 = 0$)

H_1: trust has an impact on customer satisfaction ($\beta_5 \neq 0$)

The estimated coefficient of trust is found to be positive and significant because the probability is below 0.05 ($\beta_5 = 0.422, t = 5.198, p < 0.001$). The null hypothesis is, therefore, rejected and the alternative hypothesis is accepted. The alternative hypothesis states that trust has a significant impact on customer satisfaction. This suggests that the alternative hypothesis is supported (Hypothesis 3). The regression coefficient of trust is estimated equal to 0.422, showing that when other variables are held constant, a one unit increase in the score of trust will lead to an increase in customer satisfaction by 0.422.

Hypothesis 4: Higher levels of commitment positively affect customer satisfaction

According to hypothesis 4 above, the hypothesis can be expressed as the following:

H_0: commitment has no impact on customer satisfaction ($\beta_6 = 0$).

H_1: commitment has an impact on customer satisfaction ($\beta_6 \neq 0$).

The estimated coefficient of commitment is found to be positive and significant because the probability is below 0.05 ($\beta_6 = 0.377, t = 4.577, p < 0.001$). The null hypothesis is, therefore, rejected and the alternative hypothesis is accepted. The alternative hypothesis states that commitment has a significant impact on customer satisfaction. This means that the hypothesis is supported (Hypothesis 4). The regression coefficient of commitment is estimated to equal 0.377, showing that when other variables are held constant, a one unit increase in the level of commitment will lead to an increase in customer satisfaction by 0.377.

Hypothesis 5: Coercive power exercised by a 3PL provider over a 3PL user negatively affects customer satisfaction

According to hypothesis 5 above, the hypothesis can be expressed as the following:

H0: coercive power exercised by a 3PL provider has no impact on customer satisfaction ($\beta_3 = 0$)

H1: coercive power exercised by a 3PL provider has an impact on customer satisfaction ($\beta_3 \neq 0$)

The estimated coefficient of coercive power is found negative and significant because the p-value is below 0.05 ($\beta_3 = -0.172, t = -3.537, p =< 0.001$). The null hypothesis is, therefore, rejected and the alternative is accepted. The alternative hypothesis states that the effect of coercive power exercised by a 3PL provider on customer satisfaction is significant. This means there is strong evidence of the hypothesis (Hypothesis 5) that coercive power has a significant and negative impact on customer satisfaction, meaning that as coercive power is higher and this will decrease customer satisfaction. In addition, the regression coefficient of coercive power is estimated equal to -0.172, showing that a one unit increase in the score of coercive power will lead to a decrease in customer satisfaction by 0.172 when other variables are held constant.

Hypothesis 6: Reward power exercised by a 3PL provider over a 3PL user positively affects customer satisfaction

According to hypothesis 6 above, this hypothesis can be divided into null hypothesis and alternative hypothesis as follows:

H0: reward power exercised by a 3PL provider has no impact on customer satisfaction ($\beta_4 = 0$)

H1: reward power exercised by a 3PL provider has an impact on customer satisfaction ($\beta_4 \neq 0$)

The regression coefficient of reward power exercised by the 3PL provider over the 3PL user is found positive and significant because the probability is below 0.05 ($\beta_4 = 0.245, t = 3.455, p = 0.001$). The null hypothesis is, therefore, rejected and the alternative hypothesis is accepted. This hypothesis states that reward power has a significant effect on customer satisfaction. This means that the alternative hypothesis is supported (Hypothesis 6) that reward power has a significant and positive impact on customer satisfaction, meaning that as reward power exercised by the 3PL provider is higher, this will increase customer satisfaction. In addition, the regression coefficient of reward power is estimated equal to 0.245, showing that when other variables are held constant, a one unit increase in the score of reward power will increase the score of customer satisfaction by 0.245.

4.7.3-Rank order of the most important predictive variables

Examination of the estimated regression coefficients in the previous section has supported the research questions. It has been noted that ordering procedures, personnel contact quality, commitment, trust, and reward power have a significant and positive impact on customer satisfaction. Meanwhile, coercive power is the only variable that has been found to negatively affect customer satisfaction.

In order to obtain a meaningful result for researchers, the relative importance of the independent variables when predicting customer satisfaction as our dependent variable is calculated in this study. This is mainly done due to two kinds of motives, i.e. technological and scientific motives. The first is to proceed with the implementation of change and the latter is to increase basic understanding without any concern related to the immediate implementation of change (Whittaker *et al.*, 2002).

Several approaches have been proposed to calculate the relative importance of independent variables in a multiple linear regression model. One of them is by using a standardized regression coefficient that can be derived as the change amount in the explanatory variable when other variables are held constant (Bring, 1994). Thus, it is easy to see that variables with larger standardized regression coefficients are more important as they represent a larger change in the dependent variable.

Table 4.35 summarizes the standardized regression coefficients. It has been noted that the most important variable in driving customer satisfaction is trust with a coefficient of 0.249. The second and third places are commitment and reward power with coefficient of 0.207 and 0.189, respectively. Coercive power is the least important driver of customer satisfaction with a coefficient of -0.134.

The following Table (4.36) shows the hypotheses of the research and the finding of each hypothesis.

Hypothesis	Finding
Higher perceptions of personnel contact quality positively affect customer satisfaction	Supported
Higher perceptions of ordering procedures lead to an increase in customer satisfaction	Supported
Higher levels of trust positively affect customer satisfaction	supported
Higher levels of commitment positively affect customer satisfaction	Supported

Coercive power exercised by a 3PL provider over a 3PL user negatively affects customer satisfaction	Supported
Reward power exercised by a 3PL provider over a 3PL user positively affects customer satisfaction	Supported

4.8-Analysis of variance (ANOVA)

This section is intended to further elaborate customer satisfaction by the demographic characteristics of the surveyed respondents. It might be interesting to see how customer satisfaction differs by demographic variables such as age, gender, education, working experience, position, whether they have a contract with 3PL or not. The most appropriate method to answer these questions is by using analysis of variance (ANOVA). It tests if there are mean differences between two groups or more. In other words, the next examines if there are any demographic effects on customer satisfaction.

4.8.1-Customer satisfaction by gender

Table 4.37 presents the summary statistics for customer satisfaction by gender. The mean scores of customer satisfaction are relatively similar between male and female respondents. There is no confirmation yet. So, ANOVA is then further conducted as a formal test to confirm if the difference is statistically significant.

Table 4. 37. *Summary statistics for customer satisfaction by gender*

Gender	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
					Lower Bound	Upper Bound
Male	201	3.537	0.698	0.049	3.440	3.634
Female	42	3.595	0.615	0.095	3.404	3.787

ANOVA is a parametric approach that relies on the assumption of homoscedasticity, meaning that testing mean differences with ANOVA is only appropriate if the groups tested have equal variances. Test of homogeneity of variances is carried out by using Levene's test where the null hypothesis states that all groups have equal variances and the alternative hypothesis states that at least one group has different variances. The result revealed that both groups have equal variances (F (1,124) =0.174, p=0.677) because the p-value is greater than 0.05. So, The null hypothesis of no difference cannot be rejected.

Table 4.38 shows the results of ANOVA, suggesting that the means of customer satisfaction between male and female respondents are not significantly different since the p-value is not less than 0.05 (F (1,241) =0.249, p=0.618).

Table 4. 38. *Anova table to test mean differences by gender of respondents*

	Sum of Squares	df	Mean Square	F	p-value
Between Groups	0.117	1	0.117	0.249	0.618
Within Groups	112.839	241	0.468		
Total	112.956	242			

4.8.2-<u>Customer satisfaction by age</u>

Table 4.39 provides the summary statistics for customer satisfaction by the age group of respondents. The mean scores are not so much different between age groups, ranging from 3.4 to 3.6. A significant difference might be indicated from this but there is no confirmation yet. Thus, ANOVA is then further carried out as a formal test to confirm if the difference is statistically significant.

Table 4. 39. *Summary statistics for customer satisfaction by age group of respondents*

Age group	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
					Lower Bound	Upper Bound
18-25	12	3.521	0.727	0.210	3.059	3.983
26-30	30	3.642	0.795	0.145	3.345	3.939
31-35	33	3.447	0.487	0.085	3.274	3.620

36-40	37	3.588	0.675	0.111	3.363	3.813
41-45	16	3.469	0.576	0.144	3.162	3.776
46-50	59	3.568	0.726	0.095	3.379	3.757
Over 50	56	3.536	0.719	0.096	3.343	3.728

The test of homogeneity of variances by using Levene's test revealed that the null hypothesis cannot be rejected because the p-value is greater than 0.05 (F (6,236) =0.208, p=0.057). Thus, ANOVA is appropriate in this case to test mean differences between age groups because the assumption of homoscedasticity was met.

Table 4.40 shows the results of ANOVA, suggesting that the means of customer satisfaction between age groups are not significantly different since the p-value is not less than 0.05 (F(6,236)=0.280, p=0.946).

Table 4. 40. *Anova table to test mean differences by age group*

	Sum of Squares	**df**	**Mean Square**	**F**	**p-value**
Between Groups	0.800	6	0.133	0.280	0.946
Within Groups	112.156	236	0.475		
Total	112.956	242			

4.8.3-Customer satisfaction by education

Table 4.41 presents the summary statistics for customer satisfaction by respondents' highest education level achieved. The mean scores are not so much different between education levels, ranging from 3.5 to 3.6. A significant difference might be indicated from this but there is no confirmation yet. Hence, ANOVA is then further carried out as a formal test to confirm if the difference is statistically significant.

Table 4.41. *Summary statistics for customer satisfaction by education level*

Education level	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
					Lower Bound	Upper Bound
High school	4	3.438	1.087	0.544	1.707	5.168
Community college	76	3.595	0.706	0.081	3.434	3.757
Undergraduate	132	3.527	0.687	0.060	3.408	3.645
Master	31	3.532	0.576	0.104	3.321	3.744

The test of homogeneity of variances by using Levene's test revealed that the null hypothesis cannot be rejected because the p-value is greater than 0.05 (F (3,239) =1.694, p=0.169). Thus, ANOVA is appropriate in this case to test mean differences between the highest education levels achieved because the assumption of homoscedasticity was met.

Table 4.42 summarizes the results of ANOVA. This shows that the means of customer satisfaction between education levels are not significantly different since the p-value is not less than 0.05 (F (3,239) =0.204, p=0.894).

Table 4. 42. *Anova table to test mean differences by education level*

	Sum of Squares	df	Mean Square	F	p-value
Between Groups	0.288	3	0.096	0.204	0.894
Within Groups	112.668	239	0.471		
Total	112.956	242			

4.8.4-Customer satisfaction by work experience

Table 4.43 presents the summary statistics for customer satisfaction by the respondent's years of work experience. The mean scores of satisfaction were the highest among respondents with work experience between 4 and 6 years (M = 3.764) and the mean was the lowest among respondents with work experience between 10-12 years (M = 3.417). However, to make sure of whether these differences are significant or not, ANOVA is then further carried out as a formal test to confirm if the difference is statistically significant.

Table 4. 43. *Summary statistics for customer satisfaction by years of work experience*

Years of work experience	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
					Lower Bound	Upper Bound
1-3 years	26	3.510	0.832	0.163	3.174	3.846
4-6 years	18	3.764	0.615	0.145	3.458	4.070
7-9 years	48	3.599	0.592	0.085	3.427	3.771
10-12 years	42	3.417	0.715	0.110	3.194	3.640
13-15 years	36	3.660	0.671	0.112	3.433	3.887
over 15 years	71	3.507	0.683	0.081	3.346	3.669

Test of homogeneity of variances by using Levene's test revealed that the null hypothesis cannot be rejected because the p-value is greater than 0.05 ($F(5,235) = 0.566$, $p = 0.726$). Thus, ANOVA is appropriate in this case to test mean differences between work experiences because the assumption of homoscedasticity was met.

Table 4.44 summarizes the results of ANOVA. This shows that the means of customer satisfaction between work experience groups are not significantly different because the probability is greater than 0.05 ($F(5,235) = 0.983$, $p = 0.429$).

Table 4. 44. *Anova table to test mean differences by years of work experience*

	Sum of Squares	df	Mean Square	F	p-value
Between Groups	2.291	5	0.458	0.983	0.429
Within Groups	109.56	235	0.466		
Total	111.852	240			

4.8.5-<u>Customer satisfaction by position</u>

Table 4.45 presents the summary statistics for customer satisfaction by respondents' positions in the organization. The mean scores are not so much different between the respondents' positions, ranging from 3.4 to 3.6. A significant difference might be indicated from this but there is no confirmation yet. So, ANOVA is then further carried out as a formal test to confirm if the difference is statistically significant.

Table 4. 45. *Summary statistics for customer satisfaction by position in the organization*

Position	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
					Lower Bound	Upper Bound
Inventory management	58	3.457	0.596	0.078	3.300	3.614
Logistic manager	81	3.630	0.674	0.075	3.481	3.779
Purchasing and procumbent	48	3.594	0.768	0.111	3.371	3.817
Sales and marketing	56	3.482	0.704	0.094	3.294	3.671

The test of homogeneity of variances by using Levene's test revealed that the null hypothesis cannot be rejected because the p-value is greater than 0.05 (F (3,239) =1.311, p=0.272). Thus, ANOVA is appropriate in this case to test the mean differences between respondents' positions because the assumption of homoscedasticity was met.

Table 4.46 summarizes the results of ANOVA. This shows that the means of customer satisfaction between positions within the organization are not significantly different since the probability is greater than 0.05 (F (3,239) =0.974, p=0.406).

Table 4. 46. *Anova table to test mean differences by position in the organization*

	Sum of Squares	df	Mean Square	F	p-value
Between Groups	1.364	3	0.455	0.974	0.406
Within Groups	111.591	239	0.467		
Total	112.956	242			

4.8.6-Customer satisfaction by contract

Table 4.47 shows the summary statistics for customer satisfaction by whether they have a contract with the 3PL provider or not. The satisfaction mean score is higher among respondents who have a contract with 3PL (M=3.617) than those who do not have a contract (M=3.500). However, there is no confirmation yet. Hence, ANOVA is then further carried out as a formal test to confirm if the difference is statistically significant.

Table 4. 47. *Summary statistics for customer satisfaction by contract*

Contract	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	
					Lower Bound	Upper Bound
Yes	94	3.617	0.676	0.070	3.479	3.755
No	148	3.500	0.688	0.057	3.388	3.612

Test of homogeneity of variances by using Levene's test revealed that the null hypothesis cannot be rejected because the p-value is greater than 0.05 (F (1,240) =0.291, p=0.590). Thus, ANOVA is appropriate in this case to test mean differences between those who have a contract or do not have a contract because the assumption of homoscedasticity was met.

Table 4.48 summarises the results of ANOVA. This shows that the means of customer satisfaction between those, who have a contract and those who do not have a contract, are not significantly different since the probability is greater than 0.05 (F (1,240) =1.687, p=0.195).

Table 4. 48. *Anova table to test mean differences by contract*

	Sum of Squares	df	Mean Square	F	p-value
Between Groups	0.787	1	0.787	1.687	0.195
Within Groups	111.963	240	0.467		
Total	112.75	241			

4.9-Summary

The study is aiming to examine the importance of independent variables on customer satisfaction. The independent variables include ordering procedures, personnel contact quality, commitment, trust, reward power, and coercive power. The quantitative multiple regression analysis enabled an examination of the relationship between the dependent and independent variables. This method was found appropriate for the data as the model assumptions such as no multicollinearity, homoscedasticity, linearity, and uncorrelated residuals were met. Parametric regression is, therefore, better to use than non-parametric regression as the results can be trusted or reliable.

The regression model shows a good fit model to the observed data. The 6 independent variables included in the model can explain the largest amount of variability of customer satisfaction by more than three quarters of total variance (74%). The 6 independent variables were also found to have significant effect on customer satisfaction. Ordering procedures, personnel contact quality, commitment, trust, and reward power have a positive impact on customer satisfaction. This means that customer satisfaction will increase as the scores of these variables increase.

Coercive power is the only factor with a negative effect, which means of course that this result is in line with the theory mentioned in Chapter 1/2. Among these 6 drivers of customer satisfaction, the most important driver was trust, followed by commitment and reward power. Coercive power was the least driver of customer satisfaction.

The results of ANOVA showed that the demographic variables did not have a significant impact on customer satisfaction.

Chapter Five: Discussion of Findings

5.1- Introduction

This chapter aims to conclude and summarize the findings after analyzing the collected data. The chapter presents the conclusions to this research based on the findings obtained from chapter four. The findings are important to accomplish the aim and the objectives of the study. This study highlights the relationship between the 3PL provider which offers logistics services such as DHL and TNT and the third-party logistics customers which need the logistics services such as Tesco and Safeway. This study, therefore, focuses on business-to-business context (B2B).

Studies, that are concerned with third party logistics, have inclined to concentrate on western societies but this study investigates the effects of relationship marketing (trusts and commitment), relationship power (coercive power and reward power), and logistics service quality (ordering procedures and personnel contact quality) on customer satisfaction in the Arab world which belongs to the eastern societies. The main objective of this study is to explore the impact of personnel contact quality, ordering procedures, trust, commitment, coercive power, and reward power on customer satisfaction in the third-party logistics industry in Jordan.

5.2-The research's main findings.

Based on the fourth chapter which includes data analysis, all hypotheses were supported and accepted. The findings of multiple regression analysis pointed out that the hypotheses from (H1-H6) were supported.

The first hypothesis was supported. The regression coefficient of personnel contact quality was found to be positive and significant in predicting customer satisfaction since the p-value was less than 0.05. The regression coefficient of personnel contact quality is estimated to be equal to 0.104, showing that a one unit increase in the score of personnel contact quality perception will lead to an increase in customer satisfaction by 0.104 when other variables are held constant.

This hypothesis concludes that the perception of personnel contact quality affects customer satisfaction. The finding is consistent with the previous studies (Mentzer *et al.,* 2001; Jaafar, 2006; Saura *et al.,* 2008; Kattara *et al.,* 2008; Politis *et al.,* 2014; Zailani *et al.,* 2018). According to Kattara *et al.,* (2008), the employees' positive or negative behaviours have a strong impact on customer satisfaction. Some of their behaviours are constructive actions or destructive actions. Employees' behaviours affect customer satisfaction in the service company because the employees connect the company with the customers and they play a big role in building effective working relationships with customers. They also have important roles in maintaining customer satisfaction. Politis *et al.,* (2014) state that personnel contact quality is one of the logistics service quality dimensions. This dimension leads to customer satisfaction in the freight forwarding industry and this dimension is related to the employees' knowledge and their abilities to tackle any problems associated with the product/service. This item is related to the employees' ability to understand customers' situations. Hence, a higher perception of personnel contact quality leads to higher customer satisfaction.

The second hypothesis was supported. The regression coefficient of ordering procedure was found to be positive and significant in predicting customer satisfaction since the p-value was less than 0.05. The regression coefficient of ordering procedures is estimated to be equal to 0.172, showing that a one unit increase in the score of ordering procedures perception will lead to an increase in customer satisfaction by 0.172 when other variables are held constant.

This hypothesis has pointed out that perception of ordering procedures leads to an increase in customer satisfaction. This finding goes along with the literature (Mentzer *et al.,* 2001; Jaafar 2006; Politis *et al.,* 2014; Zailani *et al.,* 2018).

Zailani *et* al., (2018) state that the dimension of ordering procedures is concerned with the efficiency and effectiveness of ordering procedures followed by the 3PL provider. When the customer orders the products, the customer is interested in the ease of usage, effectiveness, and flexibility. Thus, a higher perception of ordering procedures leads to higher customer satisfaction.

The third hypothesis was supported. The regression coefficient of trust was found to be positive and significant in predicting customer satisfaction since the p-value was less than 0.05. The regression coefficient of trust is estimated to be equal to 0.422, showing that a one unit increase in the score of trust will lead to an increase in customer satisfaction by 0.422 when other variables are held constant. This asserts that trust positively affects customer satisfaction. This finding is consistent with the previous studies (Mbang and Phiri, 2015; Sanzo *et al.,* 2003; Duarte and Davies, 2008; Gilani *et al.,* 2012; Akmar and Yorur, 2012; Bricci *et al.,* 2016; Aka *et al.,* 2016). This is because when a company trusts its partner, this makes the company feel safe and secured because the partner has honest intentions (Geyskens and Steenkamp, 2000). Hence, the customer satisfaction will increase (Andaleeb, 1996). Based on that, a higher level of trust will result in a higher level of customer satisfaction.

According to Zamry and Nayan (2020), if trust increases, this will lead to an increase in customer satisfaction. Akmar and Yorur (2012) state that trust is a very important factor in a business-to-business setting. This factor sustains a long-term relationship between the seller (the 3PL provider) and the buyer (the 3PL customer). This factor means that when a customer trusts a supplier, then the supplier is willing to keep promises and the supplier is capable of delivering satisfying performance and the customer will not be exploited by the supplier. As a result, trust leads to customer satisfaction

The fourth hypothesis was supported. The regression coefficient of commitment was found to be positive and significant in predicting customer satisfaction since the p-value was less than 0.05. The regression coefficient of commitment is estimated to be equal to 0.377, showing that a one unit increase in the level of commitment will lead to an increase in customer satisfaction by 0.377 when other variables are held constant. This confirms the fact that commitment leads to an increase in customer satisfaction. This goes along with the previous studies (Rodiguez *et al.,* 2005; Gilaninia *et al.,* 2012; Akmar and Yorur, 2012; Aka *et al.,* 2016). The positive relationship between commitment and customer satisfaction is attributed to the fact that committed partners are more able to reach their goals and this produces a higher level of customer satisfaction (Chang *et al*., 2012).

According to Akmar and Yorur (2012), commitment is an important factor in establishing a stable seller-buyer relationship. Minta (2018) states that commitment is seen as a major factor that plays a crucial role in maintaining and developing a seller- buyer relationship. Commitment can make the relationship profitable between the 3PL provider and the 3PL customer and this factor supports both customer satisfaction and customer loyalty. Commitment increases customer satisfaction and customer loyalty because this construct supports cooperation between the 3PL customer and the 3PL provider and both partners become willing to continue this relationship.

Aka *et al.,* (2016) state that trust and commitment are the major determinants of relationship marketing and the two constructs affect customer satisfaction. When the service provider or the supplier (the 3PL provider) delivers the promises, the customer (the 3PL customer) trusts the supplier's promises. Commitment is the major relationship marketing element between the customer and the supplier. This element includes establishing, building, and maintaining satisfying a long-term profitable relationship. Samiee *et al* .,(2015) state that the central variables of relationship marketing are trust and commitment.

Jemma and Tournois (2014) confirm that there are a lot of major elements of successful relationship marketing. Also, there are many studies carried out by many researchers that focus on trust, commitment, and customer satisfaction to gauge the quality of relationship between the seller and the buyer. Yuan (2018) states that trust and commitment are regarded as the most important factors affecting the success of relational exchanges between two partners. Trust and commitment are capable of generating competitive advantage. Trust is seen as the most useful governance mechanism, while commitment is an important term that means that the relationship is expected to last for a long time.

The fifth hypothesis was accepted. The regression coefficient of coercive power was found to be negative and significant in predicting customer satisfaction since the p-value was less than 0.05. The regression coefficient of coercive power is estimated equal to -0.172, showing that a one unit increase in the score of coercive power will lead to a decrease in customer satisfaction by 0.172 when other variables are held constant.

This verifies that coercive power exercised by a third-party logistics provider negatively affects customer satisfaction. This is consistent with the literature (Jonsson and Zineldin, 2003; Lee, 1999; Chang *et al*., 2012; Liu, 2015; Leonidou *et al.*, 2014). The excessive use of coercive power by a 3PL provider towards 3PL clients will, therefore, decrease customer satisfaction. This is because the third-party logistics customer may bear extra costs and the punishment will decrease the partner's positive outcome (Anderson and Nanus, 1990). Jain *et al.*, (2014) state that coercive power includes financial punishment and non-financial punishment. When the supplier (the 3PL provider) utilizes coercive power, the supplier wants to gain the customer‘s compliance. This always includes punishment and threats. Financial punishment represents monetary considerations, while non-financial punishment represents things such as withholding the quality of assistance.

Thus, the supported hypothesis suggests that if the 3PL customer does not comply with the method payment required by the 3PL provider, then the 3PL provider may punish the 3PL customer by charging a higher price (monetary sanction). This will lead to customer dissatisfaction. Furthermore, the 3PL provider may make things difficult to the 3PL customer (non-monetary sanctions) if the 3PL customer does not agree to the 3PL provider's suggestions such as contract clauses which will lead to customer dissatisfaction.

The Sixth hypothesis was supported. The regression coefficient of reward power exercised by the 3PL provider over the 3PL user was found to be positive and significant in predicting customer satisfaction since the p-value was less than 0.05. The regression coefficient of reward power is estimated equal to 0.245, showing that a one unit increase in the score of reward power will lead to an increase of customer satisfaction by 0.245 when other variables are held constant. This gives the assurance that the reward power exercised by the third-party logistics provider over the third-party logistics customer will positively affect customer satisfaction. This finding agrees with previous studies (Jonsson and Zineldin, 2003; Lee, 1999; Chang *et al.,* 2012; Liu, 2015; Leonidou *et al.,* 2014).

The reason for the positive relationship between reward power and customer satisfaction is that the third-party logistics customer's economic outcome will increase (Wilkinson, 1979). So, third-party logistics clients will be more satisfied (Ramaserhan *et al.,* 2009). Thus, higher reward power exercised by the 3PL providers will lead to higher customer satisfaction. Liu (2015) states that non-coercive power is divided into two parts. The first part is non-coercive power financial rewards such as a trade discount and pricing. The second part is non-coercive power non-financial rewards such as advertising and providing supervisors. Thus, if the 3PL provider gives financial rewards such as a trade discount, this will lead to an increase in customer satisfaction. Also, if the 3PL provider gives non-financial rewards such as advertising and supervisors, this will increase customer satisfaction.

The aim and the objectives of the study are achieved. The aim of the study is to investigate the impact of LSQ, RM and RP on customer satisfaction to recommend steps in which customer satisfaction can be increased. The objectives of the study are achieved as well. This is discussed in detail in the next chapter.

5.3-Summary

The chapter highlighted the findings of the hypotheses in Jordan and compared these findings with previous studies in Literature. The findings pointed out that a higher perception of ordering procedures leads to an increase in customer satisfaction. This goes along with the previous studies. Also, a higher perception of personnel contact quality positively affects customer satisfaction. This finding is consistent with the literature. Coercive power exercised by the 3PL provider over the 3PL customer negatively affects customer satisfaction. This is consistent with the literature. Reward power exercised by the 3PL provider over the 3PL customer positively affects customer satisfaction. This result agrees with the previous studies. Higher levels of trust positively affect customer satisfaction. The finding agrees with literature. Higher levels of commitment positively affect customer satisfaction. The result goes along with the previous studies.

Chapter six: Conclusion and Recommendations

6.1-<u>Introduction</u>

This chapter focuses on the aim and the objectives of the research to make sure that the aim of the study and the objectives of the study have been achieved. Also, the chapter discusses the managerial implications, limitations, future studies, recommendations, and contributions made by the research to the existing theory.

6.2. <u>The aim and the objectives of the study</u>

As stated in chapter five, the findings of the research have indicated that there is a positive relationship between LSQ dimensions (personnel contact quality and ordering procedures) and customer satisfaction. Also, there is a positive relationship between RM dimensions (trust and commitment) and customer satisfaction. For RP dimensions, an increase in coercive power by the 3P provider, leads to an increase in customer dissatisfaction, while there is a positive relationship between reward power and customer satisfaction.

As stated in chapter one, the aim of the study is to investigate the impact of LSQ, RM and RP on customer satisfaction to recommend steps in which customer satisfaction can be increased in the 3PL industry in Jordan.

The aim of the study has been addressed by focusing on relationship marketing (trust and commitment) to increase customer satisfaction in the 3PL industry in Jordan. Furthermore, the concentration should be on reward power, ordering procedures, and personnel contact quality. The 3PL provider should not use coercive power that leads to customer dissatisfaction.

Each objective of the study has been addressed. As stated in chapter one, the objectives of the study are as follows:

1- To investigate the impact of personnel contact quality and ordering procedures as logistics service quality items on customer satisfaction in the Jordanian third-party logistics industry.
2- To investigate the effects of relationship marketing, namely trust and commitment, on customer satisfaction in the Jordanian third-party logistics industry.
3- To explore the effects of coercive power and non-coercive power, namely reward power, exercised by the 3PL providers over the 3PL users on customer satisfaction in the third-party logistics industry in Jordan.

There is a significant relationship between relationship marketing (trust and commitment), Logistics service quality (ordering procedures and personnel contact quality), and customer satisfaction. Also, reward power has a positive impact on customer satisfaction, while coercive power has a negative effect on customer satisfaction.

6.3-<u>The contributions of the study</u>

According to core competency theory, the company (the 3PL customer) outsources the non-core activities that need resources that are not available at the company, but the resources are available at another company namely, the 3PL provider (Bacea and Bozra, 2015). According to resource dependency theory, a company's survival depends on its ability to maintain its critical resources. So, the company may form a coalition with other companies or it may look for a partner's co-optation to get the resources and to maintain its survival and this will make the 3PL customer dependent on the 3PL provider (setyawan *et al.,* 2014).

Gupta *et al.,* (2011) state that 3PL provider is an asset-based company that aims to make the commodities flow smoothly in the supply chain from the point of origin to the end user. According to Turner (2005), the standard theory of power confirms that the ability to influence others is resulting from the need for the resources owned by the influencing agent. This makes other parties dependent on the influencer in order to satisfy their needs and to reach their goals. Thus, possessing different kinds of resources gives different types of power, then giving different types of influence. This means that the 3PL user needs the 3PL provider because of its resources that ensure that the 3PL user survives. As a result of that, the 3PL provider exercises power over the 3PL customer. This is the first study that aims to measure the coercive power and non-coercive power between the 3PL provider and the 3PL user operationalizing the constructs to measure them.

To my knowledge, there is no study or little research that has been conducted to measure the relationship between the third-party logistics provider and the third-party-logistics user leading to customer satisfaction using trust-commitment theory in the third-party logistics. This study employed this theory to gauge the strength of the relationship between the supplier and the buyer. Also, this research is the first study that investigated the relationship between the 3PL provider and the 3PL user focusing on the role of relationship marketing in this type of relationship.

Much research has focused on the relationship between the manufacturer and the wholesaler or the relationship between the wholesaler and the retailer, not taking into account the role of 3PL in this relationship. Also, these studies focused on marketing channels from relationship marketing constructs (dependency, trust, cooperation, and etcetera) or power (coercive and non-coercive) perspectives. This study focused on these perspectives (relationship power and relationship marketing) between the 3PL provider that represents the seller of logistics services and the 3PL user which is the buyer of logistics services. Both of them represent a business-to-business setting. The research has many dimensions compared with other studies.

The other studies are restricted to one or two dimensions such as service quality and relationship marketing but this research included three dimensions: service quality, relationship marketing, and relationship power. In addition to that, the Arabian logistics library suffers from a lack of studies related to third-party logistics and this study provides the Arabian library with research that will close this gap. Furthermore, the results of the study are beneficial to the third-party logistics providers in Jordan because the findings will guide them in what they should do to increase the level of customer satisfaction in the third-party logistics industry in Jordan. The gaps are addressed by this research. The studies on 3PL are scarce not only in Jordan but also in the Middle East region (Sohail and Al-Abdali, 2005).

The 3PL industry in Jordan is vital and recommended because the Jordanian economy is heavily reliant on exports which have experienced a dramatic increase after signing the FTA with U.S.A and European countries. Consequently, much research on 3PL in Jordan is needed (Ali, 2013). Channel distribution researchers point out that the relationship power should expand to include developing countries to investigate the effect of power dimensions, coercive and non-coercive power on customer satisfaction in other countries with different cultures (Perumal *et al.*, 2012).

Studies on relationship power in the third-party logistics context are needed (Chin *et al.*, 2013). There has been a severe lack of LSQ that should be assessed by the customers (Thai, 2013). To know the factors affecting the relationship between the 3PL providers and the 3PL users, studies should be conducted in this way (Chou *et al.*, 2015; Marasco, 2008). Also, few studies take the construct of commitment to study the relationship between the provider and the customer (Chou *et al.,* 2015). Thus, this study has addressed this gap as well. Studies on relationship power in the business-to-business context are rare (Essabbar *et al*., 2016). Furthermore, there is a need to study customer satisfaction in the business-to-business context because the majority of studies focus on business-to-customer (Vlachos, 2017).

The contribution to the firm by this study is that this is the first study that used the companies listed in the Jordanian logistics Association (JLA). These companies offer logistics services. Thus, these companies represent the third-party logistics providers (the 3PL provider). The questionnaires were sent them and they sent the questionnaires to their customers that represent the third-party logistics customers (the 3PL customers) which answered the questionnaires and sent them back to the researcher's email.

6.4-Managerial Implications

The purpose of the hypotheses proposed in this study was to explore the effects of trust, commitment, coercive power, reward power, ordering procedures, and personnel contact quality on customer satisfaction in the Jordanian third-party logistics industry.

The model of this research is beneficial and it can greatly help the logistics managers to understand how the clients of the 3PL industry evaluate the outsourcing relationship between the 3PL providers and the 3PL customers. This study is a comprehensive one which helps the logistics managers to know how the 3PL customers can evaluate the relationship power and logistics service quality.

Thus, this study assists logistics managers to assess how the customers of third-party logistics evaluate these dimensions to be satisfied. The research gives critical insights into the significance of satisfaction with logistics service quality, relationship marketing and relationship power to keep the existing customers and prevent them from switching to other 3PL providers. Hence, the framework of the research can guide the logistics managers to support the logistics service quality, relationship marketing, and relationship power.

The findings of this research are beneficial and useful for managers working in the third-party logistics in Jordan or those who plan to work in the third-party logistics in Jordan in many industries such as the beverage, textile, medicine, and other industries. The results have demonstrated that trust has the strongest impact on customer satisfaction in the third-party logistics industry in Jordan. Consequently, third-party logistics providers should foster and enhance this factor. Commitment comes in the second place as the most influential variable. This requires the 3PL providers to concentrate on the relational approach or what is called the human approach. This will make the 3PL clients feel that their 3PL providers are members of a family, friend and similar to them.

Andaleeb (1996) states that when the customer trusts his or her provider, the customer feels secured and safe because the client widely believes that the providers' actions and deeds will lead to positive results for the customer. This will lead to an increase in customer satisfaction. Rodiguez *et al.,* (2006) mention that the committed parties are able to reach their collective and individual goals. Also, the committed provider and the customer are capable of coordinating their activities better and they can gain additional economic rewards. Thus, commitment leads to an increase in customer satisfaction that preserves, fosters and motivates the dyadic relationship between suppliers and customers. Based on that, due to building customer satisfaction, this study suggests that companies should engage in a long-term relationship. This can be achieved if the logistics providers develop and pay serious attention to trust and commitment, and third-party logistics customers value such variables (trust and commitment) which play a big role in improving the relationship.

The previous studies and this study have shown the importance of these factors in the distribution channels' relationships, and that both variables have strong effects on customer satisfaction. The third-party logistics providers should be honest, trustworthy. Also, they should keep their promises and take actions and decisions in which the third- party logistics customers feel safe. The decisions made by the logistics providers should take the customers' successes and welfare into the third party logistics providers' account.

According to the data analysis in the fourth chapter, roughly 60 % of companies do not have a contract between the third-party logistics providers and the third-party logistics customers. This is strong evidence that trust plays a crucial role in the outsourcing relationship. Woolthuis *et al.,* (2005) conclude that trust can be a substitute for a contract successfully in inter-organizational relationships and this conclusion does not fit with the contract theory that encourages the actor to safeguard the relationships to achieve the best outcomes. Also, they assure that the contract is a strong sign of commitment. The contract is not the best way to protect the companies' interests and it is not enough to make the working relationships successful or that it helps the companies to achieve their goals. The contract may be a poor governance mechanism because of social considerations that oblige the parties to be willing to keep the working relationships friendly so as not to harm the organisations' reputation. Also, one party may need the other one in the future. So, the partners do not like to enforce the contract (Woolthuis *et al.,* 2005)

The findings of this study have indicated that trust and commitment play big roles in building customer satisfaction in the industry of third-party logistics in Jordan. Trust is the most influential factor in customer satisfaction. Thus, the 3PL providers are required to adopt procedures or strategies that ensure that the services offered should exceed the customer expectation. This means that 3PL providers should invest in resources to satisfy their customers' needs. According to Saura *et al.,* (2008), customer satisfaction has a direct impact on customer loyalty. This means that customer satisfaction leads to customer loyalty that is important for the 3PL providers to have the competitive advantage. The loyal customers make the 3PL providers more profitable and they improve the company's reputation by word of mouth. Also, customer satisfaction leads to a long-term relationship and customer satisfaction protects the relationship from friction. Thus, for the 3PL provider to be capable of consolidating its position in the third-party market, retaining the 3PL customers, and becoming profitable, the 3PL providers should be trustworthy and must make their clients satisfied. In this way, the 3PL provider is able to gain loyal customers and the 3PL clients will like to remain in the working relationship with their 3PL providers for a long time.

The results have indicated that there is a strong shift from product-centric orientation into customer-centric orientation (Faccio, 2006; Afsal, 2007). Many companies are striving to align their businesses to focus on customer-centricity. The terminology means that companies must not focus on selling the product or the services but they should concentrate on satisfying customers' needs. A lot of reasons have made customer centricity essential to many companies such as intense competition, well-informed and demanding customers and the advances in technology. So, the companies should make a profitable and close relationship with the customers by adopting the approach of customer-centricity, and it is difficult for rivals and competitors to imitate this approach.

The revolution of information technology (IT) has assisted companies to store and analyze a huge amount of information since 1990. Since then, the companies have become aware of the importance of IT in managing customer relationship management (CRM) and the companies have invested millions of dollars in IT to manage CRM (Shah *et al*,.2006). This means that the 3PL providers are required to focus on customer centricity to enhance and support the relationship marketing dimensions such as trust, commitment and cooperation. Information technology has a strong impact on enhancing not only trust and commitment but also other dimensions such as cooperation and communication. The customer-centric approach is a relationship-oriented approach, whereas the product-centric approach is a transaction-oriented approach. The organizational structure in the customer-centricity approach focuses on customer relationship managers instead of product managers or a product sales team in the product-centric approach. Customer centricity concentrates on customer satisfaction rather than profitability and market share in the product-centric approach.

The 3PL providers are required to concentrate on trust and support this dimension because this construct produces prosperous consequences such as reducing risks between the two parties and also avoiding opportunistic behaviour. Natovich (2003) states that trust is a very important factor in any relational exchange since it mitigates the risks resulting from any relational exchange process. Hence, if there is trust between the 3PL provider and the 3PL customer, this means that the 3PL provider will not harm the 3PL customer. Thus, trust plays an important role in reducing the risk in business-to-business setting. The existence of trust means that the 3PL providers will do their best to keep and preserve the working relationship with the 3PL customers and the working relationship will be free of the fear that negatively affects customer satisfaction. Also, the 3PL customer will be satisfied and will be confident that any decision made by the 3PL provider will not hurt the 3PL customer and any decision will take the 3PL customer's interest into account.

The managers of 3PL providers, who are willing to engage in a new relationship with the 3PL customers, should pay a great deal of attention to trust because the working relationship is still new. So, there are no prior experiences, and the process of building trust needs a lot of time. Thus, the managers of the 3PL providers should do their best to build trust with the 3PL customers. Also, trust prevents any partner from adopting opportunistic behaviour. This is because, regardless of the dependency between the stronger actor (the 3PL provider) and the weaker actor (the 3PL customer), trust is an effective dimension that prevents the 3PL provider from exploiting its position and behaving opportunistically.

Trust eliminates the notion of opportunism in the relational exchange. Hence, trust makes the 3PL provider behave in a way in which preserves the 3PL customer's interest. When the 3PL provider is trustworthy, this keeps the 3PL clients satisfied. The 3PL provider is aware of the fact that opportunism makes the 3PL clients dissatisfied. Thus, the 3PL provider avoids opportunistic behaviour to keep a long-term relationship with the 3PL customer. Trust is a very crucial factor in the relationship between the 3PL provider and the 3PL customer and the 3PL providers are required to build trust with the 3PL customers. This will help to establish a long-term relationship between the two parties and the relationship will also be profitable.

The outsourcing relationship produces outcomes such as customer satisfaction and improved organisational performance. So, the lack of commitment leads to switching to another logistics provider and this means extra cost (switching cost) which will negatively affect the service provider’s business (Chou *et al.*, 2015). Based on these findings, the construct of commitment has the second strongest impact on customer satisfaction in the third-party logistics industry in Jordan. Thus, the construct of commitment is important to the 3PL provider because it plays a crucial role in the 3PL provider’s profitability and market share. The 3PL provider should pay attention to this construct since the lack of commitment will cause financial losses to the 3PL provider, which will face decreased profitability and market share, and the 3PL customer who will pay extra cost resulting from switching from the existing 3PL provider to the new one. The 3PL provider must be focused on keeping its 3PL clients committed because this dimension reflects the 3PL customer’s willingness to continue this working relationship in the future. The 3PL provider should make the 3PL customer happy to be associated with the 3PL provider’s relationship. The 3PL providers should do their best to keep the 3PL customer willing to remain in the long-term relationship. Also, the 3PL customer needs to have positive feelings about this 3PL provider.

Secondly, as shown in the findings, exercising non-coercive power does not include aggressive actions. It supports customer satisfaction between the 3PL provider and the 3PL customer. Also, non-coercive power can help to increase profitability and social benefits. Thus, non-coercive power helps the buyer and the seller to achieve their goals and supports a friendly atmosphere.

Scholars have found out that non-coercive power supports the supplier-buyer relationship. They also, found out that non-coercive power has a negative relationship with inter-firms' conflict, namely business-to-business conflict. Based on the data analysis, the non-coercive power (reward power) will increase satisfaction and the friendly atmosphere between the 3PL provider and the 3PL customer, and it plays a big role in making the customers satisfied.

Reward power is the third strongest factor affecting customer satisfaction in the third-party logistics industry in Jordan. Consequently, the 3PL providers should be interested in the factor of reward power by giving their 3PL clients their required assistance and treating the 3PL customers in a good way. Also, the 3PL provider should give trade discounts (financial assistance) especially since the economy of Jordan is suffering a devastating recession. This is because a lot of countries have cut financial assistance to Jordan due to political reasons, and due to new tax laws which the government has imposed. This law may affect the companies' profitability.

Furthermore, the logistics manager should be aware of the fact that reaching mutual agreements with the 3PL customer about the proposals and the suggestions will facilitate the working relationship (Non-financial assistance). The managers of the logistics provider should avoid coercive power that decreases customer satisfaction and increases conflict between the 3PL provider and the 3PL customer. Reward power enhances customer satisfaction. Also, it reduces conflict between the 3PL provider and the 3PL customer. When the 3PL provider implements the programme of reward, communication with 3PL clients should be taken into account to reach an agreement about the rules of this programme and avoid any misunderstanding.

Lastly, the results of this study have indicated that the functional factors of the logistics service quality (ordering procedures and personnel contact quality) respectively drive customer satisfaction. Although both of the variables hold the fourth and the fifth places respectively as factors affecting customer satisfaction after trust, commitment and reward power respectively. So, the 3PL provider should pay a big deal of attention to them. In the correlation analysis, personnel contact quality and ordering procedures come in the first and the second positions respectively as the strongest factors affecting customer satisfaction. Thus, the 3PL provider must hold training programmes for logisticians, especially those who make face-to-face communication with the customers. Also, providing them with technical programmes and knowledge to improve their performances. Furthermore, the 3PL providers should be capable of designing simple and easy ordering procedures which require little time and effort and this makes the customers satisfied.

6.5-<u>Recommendations</u>

The study makes the following recommendations:

The Jordanian Logistics Association (JLA) should raise the 3PL provider's awareness about the factors affecting customer satisfaction in order to make the 3PL customers happy and satisfied.

This can be done by concentrating on the following:

1- The relationship between the 3PL provider and the 3PL customer should be a long-term relationship and prosperous. The 3PL provider should, therefore, not ignore the role of trust and commitment in the relationship. The 3PL provider should be trustworthy to make the customer willing to stay in this relationship.
2- The 3PL provider must avoid utilizing coercive power because this type of power decreases customer satisfaction. Also, the 3PL provider has to pay attention to reward power that leads to an increase in customer satisfaction. It is better for the 3PL provider to focus on the monetary part of reward power because the economy of

Jordan has passed hard times now and this will improve the 3PL customer's liquidity and profitability especially as 30 % of companies in Jordan deploy 3PL (Ali, 2013).

3- Logisticians who make face-to-face communication with logistics customers should be kind and tactful. They must be able to understand their customers' situations and they are capable of tackling their problems. This will lead to an increase in customer satisfaction. The ordering procedures should be easy, efficient and flexible.

6.6-Limitations and Future Research.

Firstly, the members of the logistics providers listed in the Jordanian Logistics Association (JLA) were included in this study. The real number of logistics providers is roughly 966 logistics providers as shown in the statistics department in Jordan. The absence of a database is a real obstacle in identifying the real number of logistics providers. Also, the members of logistics providers listed in JLA subscribe to this association just in order to be able to participate in the government tenders, because the law obliges them to do so. Thus, in order to overcome this hindrance in the future, future studies can include the industrial estates that include a lot of companies working in different fields such as textiles, medicine, garments, etcetera such as Abdullah Ibn Al-Hussein industrial estate, Aqaba international industrial estate, Al-Hussain industrial estate, Al-Hussein Bin Abdullah industrial estate, Al-Muwaqar industrial estate and Al-Mafraq industrial estate.

Secondly, although this study is a comprehensive study that includes many subject areas that are relationship marketing, relationship power and logistics service quality, but not all dimensions for each subject area are included. For the relationship marketing, trust and commitment are discussed in this research because both of these are the constructs that are capable of examining the quality of relationship between the supplier (the 3PL provider) and the customer (the 3PL customer).

Future research could focus on other dimensions such as reputation, adaptation, communication, cooperation, dependency and relationship bonds in order to know the effects of these constructs on customer satisfaction and customer loyalty.

For the relationship power, this study focuses on coercive power and reward power only. The variables of non-coercive power such as referent power, legitimate power, expert power and information power could be considered in future studies. Also, future studies should take the information from both parties (the power source company and the target company) to make the picture complete. Furthermore, future studies must concentrate on the effect of coercive power and non-coercive power on the conflict between the 3PL customer and the 3PL provider. Also, different kinds of companies should be included such as small companies versus large companies, new companies versus old companies, and successful companies versus unsuccessful companies.

For the logistics service quality, this research focuses only on ordering procedures and personnel contact quality. Additional research could take the technical quality dimensions (order condition, timeliness, order accuracy and order quality) into account. Also, additional studies could shed the light on the functional quality dimensions (personnel contact quality, ordering procedures, information quality, discrepancy handling and order release quantity) to know their effects on customer satisfaction. Also, the price and the information technology (IT) could be included.

Lastly, the findings of this study are based on a cross-sectional questionnaire. The quantitative approach has shortcomings because this approach captures a situation at a point of time. Thus, the qualitative approach could be adopted in future studies. Also, a longitudinal study can enable the researcher to understand deeply the effect of logistics service quality, relationship marketing dimensions, and relationship power dimensions on customer satisfaction. For this study, the quantitative approach is the sole approach that could be adopted to conduct this study.

6.7-Summary

The chapter highlighted the aim and the objectives of the study to ensure that the aim and the objectives of the research were accomplished. Moreover, the chapter discussed the contributions made by the study to knowledge, literature and practice. The study has been the first study that measured the effects of the relationship power (coercive power and reward power) between the 3PL provider and 3PL customer on customer satisfaction in the third-party logistics industry. The 3PL provider which possesses the resources is able to exercise power over the 3PL customer. Finally, the chapter stated the limitations that could be overcome in the future. Also, the chapter focused on managerial implications and recommendations.

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Appendix 1: Ethical approval from UWTSD

Dear Adnan

Ref: EC339

Re: Request for Ethical Approval

I am pleased to confirm that the submission of the Ethical Approval on your research '*The Impact of logistics service quality (LSQ), relationships marketing (RM) and relationship power (RP) on customer satisfaction in the Jordanian third Party logistics (3PL) industry from customers' perspective.* ' has been APPROVED by the University's Ethics Committee. You may now continue with your research. Please ensure that you are aware of, and use, the University's Research Data Management Policy and the extensive resources on the University's Research Data Management web pages (http://uwtsd.ac.uk/library/research-data-management/).

Please do not hesitate to contact the office should you require any further information on this matter.

Elizabeth Cook
Swyddog Gweinyddol a Gwasanaethau'r Gofrestrfa / Administrative and Registry Services Officer
Swyddfa Academaidd (*Ymchwil Ôl-raddedig*) / Academic Office *(Postgraduate Research)*
Campws Caerfyrddin / Carmarthen Campus
Ffôn / Tel: 01267 676785
ebost/email: pgresearch@uwtsd.ac.uk

Trawsnewid Addysg . . . Trawsnewid Bywydau
Transforming Education . . . Transforming Lives

Appendix 2: Questionnaire in English

Dear Sir/ Madam

The Jordanian logistics association (JLA) would like to kindly ask you to help the researcher Adnan Taha who is a doctoral student at university of Wales Trinity Saint David by sending the questionnaire to your third party logistics clients (Freight forwarding customers). This is because the freight forwarding customers are the entitled party to evaluate the logistics service quality (personnel contact quality and ordering procedures), relationship power (coercive power and reward power) and relationship marketing (trust and commitment). The study aims to explore the effects of personnel contact quality, ordering procedures, coercive power, reward power, trust and commitment on the customer satisfaction in the third party logistics industry in Jordan.

The questionnaire consists of (42) questions. You should only to tick the closest response to your opinion related to the third party logistics in Jordan.

Keep in your mind that information collected will be treated in strict confidence for academic purposes only and the emails will be deleted after finishing the study.

The questionnaire is expected to take not more than (15) minutes.

We kindly ask you to send the questionnaire to the researcher's email after answering it completely.

doctoralthesiswales@hotmail.com

We would like to inform you that the findings of the study will be available at the Jordanian logistics association (JLA) after becoming ready.

If you need any help, please do not hesitate to contact

Mr. Adnan Taha

Email: doctoralthesiswales@hotmail.com

Mobile: 0786212217

Yours Faithfully

Adnan Taha

Information consent form

1- I understand the aim of the study that is designed for academic Knowledge and the procedures related to the questionnaire have been approved by the ethical approvals committee at university of Wales Trinity Saint David. ☐

2- I am given the chance to ask any question related to my Participation. ☐

3- I am not obliged to participate in the study and I have the right to withdraw for any reason at any stage of the study and I am not required to justify my withdrawal. ☐

4- I agree to participate in the study.

Use of information

1- I realise that all my personal information provided will be confidential and anonymous. ☐

2- I agree that the anonymised data I provide will be archived to the data repository at the end of the study. ☐

SURVEY QUESTIONNAIRE

Survey

Section 1: General Information

1. What is your gender?

Male ☐
Female ☐

2. What is your age range?

18 – 25 ☐
26 – 30 ☐
31 – 35 ☐
36 – 40 ☐
41 – 45 ☐
46 – 50 ☐
Over 50 ☐

3. What is the highest level of education you have completed?

High-school ☐
Two-year Community College ☐
Undergraduate ☐
Master ☐
Doctorate ☐

4. How many years of experience do you have?

1-3 ☐
4-6 ☐
7-9 ☐
10-12 ☐
13-15 ☐
over 15 ☐

5. What is your position in the organisation?

Logistics Manager ☐
Purchasing or Procurement ☐
Inventory Management ☐
Sales and Marketing ☐
Other (please specify) --------------☐
you can choose more than one item

6. What are the services received from this 3PL?

Transportation ☐
Warehousing ☐
Value added services such as assembly, packing, and labelling ☐
Other (please specify) ----------------- ☐
you can choose more than one item

7. Do you have contract with the 3PL?
Yes ☐
No ☐

Section 2

This section is intended to determine the ordering procedure, personal contact quality, and customer satisfaction. Please indicate at what level you think each of the following 12 items is currently valued in your organisation.

5 Strongly agree, 4, 3 Neutral, 2 disagree, 1 Strongly disagree

		1	2	3	4	5
	Ordering Procedure					
1	Ordering procedures followed by this 3PL provider are easy to use.	☐	☐	☐	☐	☐
2	Ordering logistics services from this 3PL provider does not take much time.	☐	☐	☐	☐	☐
3	Ordering logistics services from this 3PL provider does not take much effort.	☐	☐	☐	☐	☐
4	Ordering logistics services from this 3PL is flexible	☐	☐	☐	☐	☐
5	Ordering logistics services from this 3PL provider is simple.	☐	☐	☐	☐	☐
	Personnel contact quality					
1	The key contact personnel appointed by this 3PL provider make their effort to understand my situation	☐	☐	☐	☐	☐
2	Problems are tackled by the key contact personnel working in this 3PL provider.	☐	☐	☐	☐	☐
3	The knowledge and experience gained by the key contact personnel are adequate.	☐	☐	☐	☐	☐
	Customer satisfaction					
1	Our company is satisfied with the relationship with this 3PL provider.	☐	☐	☐	☐	☐
2	Our company likes that the relationship with this 3PL provider to continue.	☐	☐	☐	☐	☐
3	Our company wishes more 3PL providers were like this 3PL provider.	☐	☐	☐	☐	☐
4	We will recommend that other 3PL users to do business with this 3PL provider	☐	☐	☐	☐	☐

Section 3

This section is intended to determine the commitment, trust, reward power and coercive power.Please indicates at what level you think each of the following 23 items is currently valued in your organisation. 5 4 3 2 1 Strongly agree Neutral disgree Strongly disagree						
		1	2	3	4	5
	Commitment					
1	Our company will not drop this 3PL provider since our company likes to be associated with this 3PL provider.	☐	☐	☐	☐	☐
2	Our company enjoys the relationship with this 3PL provider. So, it wants to remain a 3PL user of this 3PL provider.	☐	☐	☐	☐	☐
3	We have positive feelings about this 3PL provider and these feelings are the major reason for continuing working with it.	☐	☐	☐	☐	☐
4	It is very important to our company to stay with this 3PL provider.	☐	☐	☐	☐	☐
5	If our company terminates the relationship with this 3PL provider, this will be too costly to our company.	☐	☐	☐	☐	☐
6	Our company has no other viable and good options. So, it continues the relationship with this 3PL provider	☐	☐	☐	☐	☐
	Trust					
1	This 3PL provider is trustworthy.	☐	☐	☐	☐	☐
2	This 3PL provider provides our company with believable and correct information.	☐	☐	☐	☐	☐
3	Our company trust this 3PL provider.	☐	☐	☐	☐	☐
4	This 3PL is concerned with our company's success.	☐	☐	☐	☐	☐
5	Our company should not be cautious with this 3PL provider.	☐	☐	☐	☐	☐
6	This 3PL provider keeps promises it makes to our company.	☐	☐	☐	☐	☐
7	When this 3PL provider makes important decisions, the logistics provider takes our company's welfare into its account	☐	☐	☐	☐	☐
	Reward power					
1	Our company can get some needed help from this 3PL provider by complying with its requests.	☐	☐	☐	☐	☐
2	Our company will receive good treatment if it does as this 3PL provider requests.	☐	☐	☐	☐	☐
3	Our company will be favored 3PL user by this 3PL provider if it goes along with this 3PL provider.	☐	☐	☐	☐	☐
4	This 3PL provider rewards our company from time to time such as getting trade discount.	☐	☐	☐	☐	☐
5	Our company will avoid some problems other 3PL users encountered by agreeing to this 3PL provider's suggestions.	☐	☐	☐	☐	☐
	Coercive power					
1	Our company should accept this 3PL's proposals, otherwise the 3PL provider makes the deal worse to our company.	☐	☐	☐	☐	☐
2	If our company does not follow 3PL's instructions, then the 3PL provider is expected to make changes that may negatively affect our company.	☐	☐	☐	☐	☐

3	If our company does not comply with the 3PL provider's orders, then the 3PL provider threatens that the contract will not be renewed with our company.	☐	☐	☐	☐	☐
4	Our company's future requirements will not be considered by the 3PL provider if our company does not comply with the 3PL provider's instructions	☐	☐	☐	☐	☐
5	Our company is obligated to adjust to the 3PL provider's requirement and accept its suggestions, otherwise the 3PL provider will make things difficult to our company	☐	☐	☐	☐	☐

Appendix 3: Reminder letter in English

Reminder letter

Dear Sir/Madam

I hope that your business is going smoothly.

6 weeks ago, I wrote to you to invite your third party logistics clients to participate in this study. The study aims to explore the effects of personnel contact quality, ordering procedures, coercive power, reward power, trust and commitment on the customer satisfaction in the third party logistics industry in Jordan.

I kindly ask you to send this reminder letter to your freight forwarding customers to thank all customers which have filled out the questionnaire and sent it back to the researcher's email. Also, I would like to remind your third party logistics customers which have not completed the questionnaire of completing it and send it back to the researcher's email.

doctoralthesiswales@hotmail.com

If you need any help, do not hesitate to contact

Mr. Adnan Taha

E-mail: doctoralthesiswales@hotmail.com

Mobile: 0786212217

Yours Faithfully

Adnan Taha

Appendix 4: Questionnaire in Arabic

سيدي العزيز\ سيدتي العزيزة

تسأل الجمعية الاردنية اللوجستية حضرتكم ان تساعدوا الباحث عدنان طه الذي هو طالب دكتوراه في تخصص اللوجستيك في جامعة ويلز من خلال ارسال الاستبيان الى عملاء ناقلي البضائع \وسطاء الشحن (Customers of freight forwarding) وهذا لان العملاء هم المخولين لتقييم جودة الخدمات اللوجسنية المتمثلة في جودة اتصال بائعي الخدمات اللوجستية واجراءات طلب الخدمات اللوجستية .

كما انهم المخولين في تقييم علاقات القوة المتمثلة في القوى القسرية والقوى التحفيزية وكذلك تقييم العلاقات التسويقية المتمثلة في الثقة والالتزام.

هذه الدراسة تهدف الى اكتشاف مدى تأثير جودة اتصال بائعي الخدمات اللوجستية , اجراءات طلب الخدمات اللوجستية , القوى القسرية , القوى التحفيزية , الثقة, الالتزام على رضى الزبائن في صناعة شحن البضائع(freight forwarding) في الاردن.

الاستبيان يتكون من (42) سؤال وعليك فقط الاشارة الى اي مستوى تعتقد انه يتم تقييم كل من الاسئلة المطروحة اخذين بعين الاعتبار ان المعلومات التي سيتم جمعها سوف يتم التعامل معها بسرية مطلقة وان الايميلات سوف يتم حذفها بعد الانتهاء من الدراسة.

من المتوقع ان تستغرق عمليه الاجابة على جميع الاسئلة 15 دقيقة فقط.

نسال حضرتكم ان يتم ارسال الاستبيان بعد الاجابه عليه الى ايميل الباحث التالي :

doctoralthesiswales@hotmail.com

مذكرين حضرتكم بحفظ البيانات من خلال عمل حفظ (Save) عند الانتهاء من الاجابة على الاستبيان.

نعلم حضرتكم ان نتائج الدراسة سوف تكون لدى الجمعية الاردنية اللوجستية ولاي مساعدة لا تتردد في الاتصال بالباحث عدنان طه .

Email: doctoralthesiswales@hotmail.com

Mobile : 0786212217

نموذج الموافقة على المشاركة في الدراسة

1- ادرك ان الهدف من الدراسة هو مصمم لاغراض اكاديمية ومعرفية فقط وان اجراءات جمع البيانات من خلال الاستبيان قد تم الموافقة عليه من خلال اللجنة الاخلاقية

من جامعة ويلز The ethical approval committee

☐موافق

2- لدي الحق كمشارك في الاجابة عن اسئلة الدراسة ان اطرح اي سؤال متعلق بمشاركتي

☐موافق

3- انا لست مجبرا على الاشتراك في الدراسة ولدي الحق في الانسحاب في اي مرحلة من الدراسة ولست مجبرا على تفسير الانسحاب

☐موافق

4- اوافق على المشاركه في هذه الدراسة

☐موافق

استخدام البيانات

1- ادرك ان كل المعلومات المزودة من طرفي سوف تكون سرية ومجهولة الاسم

☐موافق

2- اوافق ان كل البيانات المزودة سوف يتم حفظها في مستودع البيانات في نهاية الدراسة

☐موافق

استبيان الدراسة

القسم الاول : المعلومات العامة

1- الجنس

ذكر ☐

انثى ☐

2-العمر---------------

☐ 18 – 25
☐ 26 – 30
☐ 31 – 35
☐ 36 – 40
☐ 41 – 45
☐ 46 – 50
☐ أكثر من 50

3-المستوى التعليمي-----------

☐ ثانوية عامة
☐ كلية متوسطة
☐ بكالوريوس
☐ ماجستير
☐ دكتوراة

4-سنوات الخبرة-------------

☐ 1-3
☐ 4-6
☐ 7-9

☐ 10-12
☐ 13-15
☐ أكثر من 15

5- المنصب

☐مدير لوجستيك

☐مشتريات

☐ادارة مخزون

☐المبيعات والتسويق

☐اخرى , فضلا اذكر (---------)

6- ما نوع الخدمات التي يقدمها لك وسيط الشحن (ناقل البضائع)

☐النقل

☐التخزين

☐خدمات القيمة المضافة (مثل التعبئة والتجميع واللصق)

☐اخرى , فضلا أذكر (------------------)

بمكن اختيار اكثر من اجابة

7 – هل لديك عقد مع وسيط الشحن (ناقل البضائع)

☐نعم

☐لا

القسم الثاني:

يهدف هذا القسم الى تحديد اثر كل من اجراءات طلب الخدمات اللوجستية, جودة اتصال بائعي الخدمات اللوجستية , الالتزام , الثقة, القوى التحفيزية والقوى القسرية على رضى الزبائن في صناعة نقل البضائع في الاردن

الرقم	المتغير	موافق بشدة	موافق	محايد	غير موافق	غير موافق بشدة
	اجراءات طلب الخدمات اللوجستية					
1	اجراءات طلب الخدمات اللوجستية مثل النقل والتخزين المتبعة من وسيط الشحن سهلة	☐	☐	☐	☐	☐
2	اجراءات طلب الخدمات اللوجستية المتبعة من قبل وسيط الشحن لا تاخذ الكثير من الوقت	☐	☐	☐	☐	☐
3	اجراءات طلب الخدمات اللوجستية من وسيط الشحن لا تحتاج الى جهد كبير	☐	☐	☐	☐	☐
4	اجراءات طلب الخدمات اللوجستية من وسيط الشحن مرنه	☐	☐	☐	☐	☐
5	اجراءات طلب الخدمات اللوجستية من وسيط الشحن بسيطة	☐	☐	☐	☐	☐

	جودة اتصال بائعي الخدمات اللوجستية	اوافق بشدة	اوافق	محايد	لا اوافق	لا اوافق بشدة
1	العاملون لدى وسيط الشحن يبذلون جهودهم لفهم موقفنا من اجل مساعدتنا	☐	☐	☐	☐	☐
2	العاملون لدى وسيط الشحن يعملون على حل مشاكلنا	☐	☐	☐	☐	☐
3	العاملون لدى وسيط الشحن لديهم الكفاية من الخبرة	☐	☐	☐	☐	☐

	رضى عملاء وسطاء الشحن	اوافق بشدة	اوافق	محايد	لا اوافق	لا اوافق بشدة
1	شركتنا راضية عن علاقة العمل مع وسيط الشحن	☐	☐	☐	☐	☐
2	شركتنا ترغب ان تستمر علاقة العمل مع وسيط الشحن	☐	☐	☐	☐	☐
3	شركتنا تتمنى ان الكثير من وسطاء الشحن ان يكونوا مثل هذا الوسيط للشحن	☐	☐	☐	☐	☐
4	نحن نوصي الكثير من زبائن وسطاء الشحن ان يعملوا مع هذا الوسيط للشحن	☐	☐	☐	☐	☐

الرقم	المتغير	موافق بشدة	موافق	محايد	غير موافق	غير موافق بشدة
	الالتزام					

1	شركتنا سوف لن تتخلى عن العمل مع هذا الوسيط للشحن لان شركتنا تحب ان ترتبط معه بعلاقة عمل	☐	☐	☐	☐	☐
2	شركتنا تستمتع بعلاقة العمل مع هذا الوسيط للشحن وبالتالي فشركتنا ترغب ان تبقى زبونا لهذا الوسيط للشحن	☐	☐	☐	☐	☐
3	لدينا مشاعر ايجابية اتجاه الوسيط للشحن وهذه المشاعر هي السبب الرئيسي لاستمرار علاقة العمل مع هذا الوسيط للشحن	☐	☐	☐	☐	☐
4	انه من المهم لشركتنا ان تبقى مع هذا الوسيط للشحن	☐	☐	☐	☐	☐
5	لو شركتنا فسخت علاقة العمل او العقد مع هذا الوسيط للشحن فهذا سوف يكون مكلفا لشركتنا	☐	☐	☐	☐	☐
6	شركتنا ليس لها خيارات بديلة جيدة لاستبدال هذا الوسيط للشحن لذلك شركتنا مستمرة في علاقتها مع هذا الوسيط للشحن	☐	☐	☐	☐	☐

	الثقة	موافق بشدة	موافق	محايد	غير موافق	غير موافق بشدة
1	هذا الوسيط للشحن جدير بالثقة	☐	☐	☐	☐	☐

2	هذا الوسيط للشحن يزود شركتنا بمعلومات صحيحة	☐	☐	☐	☐	☐
3	شركتنا تثق بهذا الوسيط للشحن	☐	☐	☐	☐	☐
4	هذا الوسيط للشحن يهتم بنجاح شركتنا	☐	☐	☐	☐	☐
5	شركتنا يجب ان لا تكون حذرة عند التعامل مع هذا الوسيط للشحن	☐	☐	☐	☐	☐
6	هذا الوسيط للشحن يفي بوعوده التي يقطعها لشركتنا	☐	☐	☐	☐	☐
7	عندما يتخذ هذا الوسيط للشحن اي قرار فان مصلحة شركتنا يتم اتخاذها بعين الاعتبار	☐	☐	☐	☐	☐

	القوى التحفيزيه	موافق بشدة	موافق	محايد	غير موافق	غير موافق بشدة
1	شركتنتا سوف تتلقى الدعم من هذا الوسيط للشحن في حالة تنفيذ طلباته	☐	☐	☐	☐	☐
2	شركتنا سوف تتلقى المعاملة الحسنة من هذا الوسيط للشحن في حال تم تنفيذ طلباته	☐	☐	☐	☐	☐
3	شركتنا سوف تكون المفضلة لهذا الوسيط للشحن في حال العمل بناء على اقتراحاته	☐	☐	☐	☐	☐
4	هذا الوسيط للشحن يكافئ شركتنا من وقت لاخر مثل الخصومات التجارية	☐	☐	☐	☐	☐

5	شركتنا سوف تتجنب بعض المشاكل التي يواجهها زبائن وسطاء الشحن الاخرين لو وافقت شركتنا على اقتراحات وسيط الشحن	☐	☐	☐	☐	☐

الرقم	المتغير	موافق بشدة	موافق	محايد	غير موافق	غير موافق بشدة
	القوى القسرية					
1	شركتنا يجب ان توافق على مقترحات هذا الوسيط للشحن والا فان الوسيط للشحن سوف يجعل العقد على شركتنا صعبا	☐	☐	☐	☐	☐
2	اذا شركتنا لم توافق على تعليمات الوسيط للشحن فان الوسيط للشحن سوف يجري تغييرات من شأنها ان تنعكس سلبا على شركتنا	☐	☐	☐	☐	☐
3	اذا شركتنا لم تخضع لاوامر الوسيط للشحن فان الوسيط للشحن يهدد في أن العقد لن يتم تجديده مع شركتنا	☐	☐	☐	☐	☐
4	متطلبات شركتنا المستقبلية لم يتم اخذها بعين الاعتبار من قبل الوسيط للشحن اذا لم تتبع شركتنا تعليمات هذا الوسيط للشحن	☐	☐	☐	☐	☐
5	شركتنا سوف تكون مرغمة او مجبرة على ان تعدل العمل بناء على	☐	☐	☐	☐	☐

	تعليمات هذا الوسيط للشحن والا فان الوسيط للشحن سوف يجعل الامور صعبة بالنسبة لشركتنا					

شكرا للمشاركة . فضلا ان تقوم بحفظ البيانات من خلال الخيار "حفظ " (Save)الموجود في مايكروسوفت وورد وارسال الاستبيان الى ايميل الباحث التالي

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Appendix 5: Reminder letter in Arabic

<u>الرسالة التذكيرية</u>

سيدي العزيز \ سيدتي العزيزة

اتمنى ان عملكم يسير على ما يرام

قبل 6 اسابيع كتبت لحضراتكم من اجل العمل على دعوة زبائنكم المرتبطين بنقل البضائع ان يشتركوا في هذه الدراسة التي تهدف الى اكتشاف مدى تأثير جودة اتصال بائعي طلب الخدمات الخدمات اللوجستية , القوى القسرية , القوى التحفيزية , الثقة, الالتزام على رضى الزبائن في صناعة شحن البضائع في الاردن.

ارسل هذه الرسالة التذكيرية الى زبائنكم المرتبطين بنقل البضائع لأشكر كل الزبائن الذين اشتركوا في هذه الدراسة من خلال الاجابة على اسئلة الاستبيان وارجاعه الى ايميل الباحث وايضا ارغب قي تذكير زبائنكم الذين لم يكملوا الاجابة على الاستبيان باكماله وارساله الى ايميل الباحث التالي

doctoralthesiswales@hotmail.com

لو كنتم بحاجة الى مساعدة ترجو عدم التردد بالاتصال بالباحث عدنان طه من خلال

وتفضلوا بقبول فائق الاحترام والتقدير