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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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. The research investigated 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 explored the effect of coercive power and reward power as the major dimensions of relationship power on customer satisfaction. In addition, the study investigated the effect of ordering procedures and personnel contact quality as the main variables of logistics service quality on customer satisfaction. The aim of this study is 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 was conducted in this study, using questionnaire to collect data from 243 third party logistics customers in Jordan. The findings of the research indicated 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 demonstrated 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 contributed to both knowledge and literature review. For the literature review, the gaps were addressed, while it is the first study that explores the effect of relationship power on customer satisfaction in the third party logistics industry. The study's managerial implications 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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The first chapter: Introduction

1.1-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 marketing mix, namely product, price and promotion without paying a great deal of attention to the fourth part of marketing mix 'plac'. This is because this item is seen as a cost generator. To make the marketing strategy succeed, the company should not focus only on 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, the efficient marketing should create high service quality and logistics service quality (LSQ) should be measured from a marketing and logistics perspective (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 has paid more 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 are 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 advantage and economic situation. 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 customer 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 intense correlation between

customer satisfaction and profitability. Subsequently, each industry seeks to be a service industry because when the products become similar, the sellers incline to differentiate themselves by offering superior customer service. Based on the above, many companies aim to increase their capabilities related to distribution to increase their competitive advantage which is 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 service offered and how their perception translates into customer satisfaction (Chin *et al.*, 2013).

According to Melovic *et al.*, (2015), the company can retain the existing customers and attract the new clients through sufficient customer service that plays a big role in the company's competitive advantage. It helps the company to distinguish itself from rivals. The definition and the purpose of logistics management is 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' expectation 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 with 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. Subsequently, 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 will be made based on this comparison (Grant and Philipp, 2014).

SERVEQUAL is the model used by Parasuraman (1988) to evaluate the service quality through the gap between the customers' expectation and the customers' perception 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 concentrates 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 istransferred 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. They asserted that customer satisfaction stems from these elements. The next 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 developed model used to gauge logistics service quality. Chin *et al.,* (2013) state that Mentzer and his colleagues developed a LSQ model that contains relevant components of LSQ through analysing components and contributions coming from other studies. 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 provider, 3PL 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' requirement (Chin *et al.*, 2013).

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

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 the 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, business to business context.

Jonsson and Zeneldin (2003) state that any company is willing to establish 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 a number of elements such as power balanced 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 that customer satisfaction with a relationship is a satisfactory state resulting from evaluating all aspects of 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 working relationship with another firm".

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).

The studies on relationship power in the logistics context are lacking and 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 effect of exercising power sources on customer satisfaction in developing countries in the logistics context because the majority of studies have been made in western countries . This is because understanding the consequences of power on customer satisfaction in developing countries will explore the effect of 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 to creating, developing, maintaining and making the relationship last for longer between the suppliers and customers. . Researchers have confirmed that trust and commitment are the outcome 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). Bery (1983) coined the terminology of relationship marketing that aims to enhance and maintain the successful relational exchange with the customers. Constructs related to relationship marketing are various such as commitment, trust, cooperation and communication (Morgan and Hunt, 1994).

According to the social exchange theory, the relationship between the customers and the selling companies has evolved with time but it is a slow process. The relationship starts with minor transactions where trust and commitment are required a little 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) stated 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 relationships management. Many managers are becoming more focussed 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, and 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 the 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 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 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-organisational relationship between the 3PL provider and the 3PL customer starting by focussing 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. They divided the relationship between the supplier and the buyer as the following: Arm's length, type I partnership, type II partnership reaching to the most powerful relationship, namely, alliance.

Trust as a concept is widely studied in the 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 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 relationship between trust and customer satisfaction (Durate and Davies, 2004; Sanzo *et al.,* 2003).

Commitment is defined in most marketing studies as 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 on relationships between the 3PL providers and 3PL suppliers has been made 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 relationships has 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 provider and user to understand the relationship between them.

1.2-Insights into logistics in Jordan

Jordan is located in southwest Asia. It has borders with Syria, Iraq, Palestine and Saudi Arabia. The total economic output of Jordan was approximately 30 billion dollars in 2017. GDP per capita is roughly 4400 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 of 2000, the Jordanian economy has largely relied on exports of manufactured products. The

Jordanian exports to the U.S.A jumped from roughly 7 million dollars in 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 and partnership and merge between the transportation companies are needed. Furthermore, because of the previous point and the political circumstances in Iraq and Syria this contributes to lowering the price of transportation. Due to that, the industry should be more competitive to deal with other countries such as Gulf States, Egypt and Palestine. In addition to that, the price of oil has made the cost of logistics services high. Moreover, legislations related to logistics are outdated and there is an imperative need to renew them to cope with the current conditions. Also, the absence of strategies in order to organise the logistics services and transportation. Lastly, the need for professional logisticians working in the logistics industry in Jordan. Most experienced people working in the industry are aged. So, the younger workers need training programmes to manage this industry in the future.

1.3-Insights into the third party logistics (3PL) 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 in terms of delivering and shipping commodities (Skender *et al.*, 2016)

A study by Ali (2013) on the 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 found that the third party logistics industry in Jordan is viable and recommended. This is attributed to two facts. The first fact is that the Jordan's 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 to compete with other countries such as Bangladesh and China through reducing the cost. This can be done by expanding in the outsourced services.

34% of total chosen companies, 50 garments manufacturing firms, was involved in 3PL. 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 as the following in order: cost analysis, non-core operations, ensuring that the activity is not a core-operation one, sensitivity of the activity and freed resources as labour, capital and land that can be reallocated. They answered the open-ended questions about the criteria used for selecting 3PL providers as the following in order: specialisation, 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 are very satisfied with the logistics services offered by the current 3PL providers. 30% of them are satisfied. 47% of them think that 3PL contributes to reducing cost, whereas 65% of them believed that 3PL helps the company with its performance. 100% of respondents asserted that 3PL has helped the companies to increase competency at a local level compared to 71% of them who stated that it helps 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 then

selling the goods, garments and textiles at a competitive price. So, many studies are required in this subject area.

1.4-The research problem

There is a crucial need to study Logistics Service Quality that should be evaluated by customers (Thai, 2013). In addition, there is a lack of studies on the effect of exercising coercive power and non-coercive power on customer satisfaction in developing countries (Chin, 2013; Perumal *et al.*, 2012). Furthermore, 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).

Logistics service quality (LSQ) has effects on customer satisfaction in the third party logistics industry. Furthermore, relationship power has a strong impact on customer satisfaction in the third party logistics industry. In addition, relationship marketing affects customer satisfaction in the third party logistics industry.

1.5-Motivations for the research

Companies with a successful supply chain can achieve higher performance in customer service, delivery times and product management. Also, profits can be increased and costs can be reduced. Firms without cooperation means that the supply chain's performance is expected to be limited because a supply chain's success depends on cooperation between the customer firms and the provider ones. Supply chain's partners will increase mutual benefits through eliminating undesirable factors between the providers and the customers (Park *et al.*, 2017).

The profits can increase through service quality and customer satisfaction because a 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 service sector such as the 3PL industry. Hence, it is very important to ensure that the level of quality offered meets the customers' expectation (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 the 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 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 the customer satisfaction (Hersh *et al.,* 2014).

1.6-The aim of the research

To evaluate the impact of service quality, relationship marketing and relationship power on customer satisfaction in the third party logistics in Jordan to recommend steps in which the level of customer satisfaction can be increased.

1.7-The research objectives

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 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.
3- To investigate the effects of relationships marketing, namely trust and commitment, on customer satisfaction in the Jordanian third party logistics industry.

1.8- 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 their importance. Personnel contact refers to the supplier's staff working on delivering the logistics services to the 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. So, this model will be used in this study to address the gap because of a severe lack of studies related to LSQ that should be evaluated by customers. Also, the model was applied to many segments (sectors).This study will apply across many industries.

2-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, 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, information and referent. This is because they are less flexible and their effectiveness might decline over time. For these reasons, coercive power and reward power will be chosen in this study.

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

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

1.9-The scope of the research

The Hashemite Kingdom of Jordan

This research will be conducted in the Hashemite Kingdom of Jordan. This is attributed to the facts that research on 3PL is lacking in Jordan and in the Arab world (Sohail and Al-Abdali, 2005). Also, 3PL is recommended and vital in Jordan and the state needs more studies on this area (Ali, 2013). Furthermore, the fact that distribution channel researchers asserted 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. Lastly, the majority of studies related to relationships have been performed in the western world and the research on relationships is needed in Asia (Chang *et al.,* 2012). Jordan is located in Asia.

Across industries

Lambert and Harrington (1989) state that each industry has its special characteristics. Hence, each study must concentrate in 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 company may have many 3PL providers and they may be unwilling to disclose data on subsidiaries (Berglund *et al.,* 1999). So, it is very difficult to identify the size of 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 to understand customer satisfaction through the difference between customers' expectation and customers' perception on different various attributes (Chin *et al.,* 2013). Studying logistics service quality from customer perspective suits the logistics context and it would be more comprehensive (Thai, 2013). The logistics service users should evaluate the logistics services (Mentzer *et al.,* 2001). Thus, the concentration is on customers' perception and customers' expectation 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 both the customers and suppliers should evaluate the relationship to understand the forces that strengthen or break the relationship between the customers and the providers (Lambert *et al.,* 1999). Jonson and Zineldin (2003) stated that the supplier-customer relationship should be evaluated by only the customers. Subsequently, the relationships, namely relationship marketing and relationship power in this study, will be assessed by the clients. Also, many other authors widely believe that the relationship 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 is the chain manager, logistics manager, purchasing managers or supply chain manager. This is because they play a crucial role in industrial purchasing and in the decisions related to outsourcing (Jaafar, 2006).

1.10-The contributions of the study

According to the core competency theory , the company (3PL customer) outsources the non-core activities that need resources that are not available at the company but which are available at another company namely, 3PL provider (Bacea and Bozra, 2015). According to the 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 partner's co-optation to get the resources and to keep its survival (setyawan *et al.*, 2014). Gupta *et al.*, (2011) state that 3PL is an asset-based company that aims to make the commodities flow smoothly in the supply chain from the origin point to the end user. This means that the 3PL user is in need to the 3PL provider because of its resources that ensure that the 3PL user will survive. As a result of that, the provider exercises power over the buyer. This is the first study that aims to measure the coercive power and non-coercive power between the 3PL provider and the 3PL user operationalising the constructs to measure them. To my knowledge, there is no study or little research has been conducted to measure the relationship between a third party logistics provider and a third party logistics user leading to customer satisfaction using the trust-commitment theory in the third party logistics and this study employed this theory to gauge the strength of the relationship between the supplier and the buyer. Much research has studied 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 focus on marketing channels from relationship marketing constructs (dependency, trust, cooperation ……etcetera) or power (coercive and non-coercive) perspectives. This study will focus on these perspectives (relationship power and relat ionship 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 includes 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 the study will provide the Arabian library with this study that will reduce this gap. Furthermore, the results of the study will be 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 in Jordan.

The gaps are expected to be 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 Jordan's economy is heavily reliant on exports which have experienced a dramatic increase after signing the FTA with U.S.A and European countries. Subsequently, much research on 3PL in Jordan is needed (Ali, 2013). Channel distribution researchers pointed 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 in LSQ that should be assessed by the customers (Thai, 2013). To know the factors affecting the relationship between 3PL providers and 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).So, this study will address this gap as well.

The second chapter: Literature review

The first section: outsourcing and logistics service quality in 3PL

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).

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 specialised company that is able to perform the logistics activities better than the company itself namely, an outsourced company (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) state that the third party company is a specialised company in transportation and warehousing that can be customised 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 organisation itself or some of the organisations logistics services. Bask (2001.p 474) define third party logistics as " the relationship between interfaces in the supply chains and third party logistics provider, where logistics services are offered, from basic to customised ones, in a 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 includes 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 where 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 reduction, improved service, better cash flow, risk sharing, freeing up resources, concentrating on the core competencies, eliminating infrastructure resources, customised services (flexibility) and getting the resources that are not available to the outsourced company. The disadvantages of third party logistics are loss of control because the 3PL user cannot control directly the outsourced activities, and bad quality. A lot of employees may be fired because of the outsourcing.

Sowinski (2005) states that the services offered by 3PL providers are transportation procurement, contact transportation, freight audit to adjust and examine the freight bill, 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 collaborative effort from all of the departments such as logistics, marketing, finance, manufacturing...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 capable of reaching these objectives. The third phase of this process is to identify the customer service requirement. The major reason for a company's existence is the customer. So, customers' needs should be prioritised 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. So, the company can send a letter or email to explain to the provider its needs of services logistics. The 3PL provider should send a letter to explain to the company about its 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 such as distribution, warehousing and value-added services. It is very important to 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 eight step is reviewing 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's ability to satisfy their existing customers. The last step is choosing the best candidate. 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 consider that the relationship between the company and 3PL provider may develop into a long-term strategic relationship. Aghazadeh (2003) introduces five steps to choose the 3PL provider. The first step is that the company should

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 determining the best 3PL provider among the alternatives. The last one is starting the new partnership.

The terminology of outsourcing is not new because the companies have contracted with an 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 from 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 performed traditionally in-house.

Due to the intensified competition, companies tend to concentrate on what they do best. In other words, on their competencies and their capabilities. These core competencies represent the competitive advantage 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 founder 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 or to accommodate to change, and the management should be capable of choosing the best opportunities after identifying the core competencies. The company can then outsource the other activities.

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

This means that the company will outsource the activities that require resources (tangible assets, skills, knowledge, and expertise) which are not available within the company and it will 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 competitors (Bacea and Bozra, 2015).

There is a frequent question about the reasons for outsourcing. The companies restructure their activities to encourage the growth of their core competencies (Prahalad and Hamel, 1990). The advantages of outsourcing can be summarised with three aspects: quality, productivity and technology.

Productivity. Dealing with the outsourcer, 3PL provider, means that all their activities should be measured. Analysing can identify if the customers’ expectations match the perception, equal or under 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. A study by Oshima *et al.*, (2005), found that the company that outsources their non-core activities, its administrative tasks reduced by 50%, and the focus on the strategic activities increased 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).

Regarding technology, outsourcing has the advantage of this as well, when the organisation seeks to improve the technical service or it does not have the technical talent. In this case, it can contract with the external provider. 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 four following reasons consider 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 core competencies. The company can concentrate on their 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 the costly technology when it adopts outsourcing. Also, developing or purchasing the technology is time consuming

and costly. Subsequently, a 3PL provider can make these facilities available to the company (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 the 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 decreasing levels of inventory and improving customer service. There are disadvantages such as the 3PL provider is not experienced enough, the loss of customers' feedback or the provider cannot adapt to the emergency circumstances.

Kremic *et al.,* (2006) state that the motivation for outsourcing is 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 resource 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, other strategic issues are associated with rapid company's growth, flexibility to meet customers' requirements and changing technology (Kakabadse and Kakabadse, 2000). Flexibility is a very important driver of outsourcing because the company is obligated to react quicker to customers' needs and requirements. Outsourcing is considered as a vehicle to do 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, the 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 organisations seek to implement agendas of public opinion 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 public firms are considered as bureaucratic and inefficient. Once the laws are legislated, the public organisations should comply. In this situation, the governing laws are the major drivers of outsourcing (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).

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 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 the outsourcing of logistics, the company can create value by supplementing the 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 literature advocates logistics outsourcing due to the benefits resulting from outsourcing of logistics, with less attention given to the side effects of outsourcing, especially

in 3PL. A study on logistics outsourcing revealed that a significant share of companies were obliged to return some outsourced activities back to in-house. Other studies 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.

The reason for that is attributed to many factors such as the provider is not skilful enough, the provider is not concerned with the customers' feedback 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 showed that 75% of respondents stated that the outcomes of outsourcing did not live up to customers' expectation and 50% of them brought some outsourced functions back in-house. Roughly 33% of companies in their study cancelled the contracts with their outsourcing companies (Gadde and Hulthen ,2008).

The major reasons for termination, problems and back-sourcing are the financial benefits because 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. So, 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 don't realise the expected benefits of outsourcing (Krell, 2006).

According to Tayauova (2012), Outsourcing has been studied based on three approaches. The first approach is a 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 a decision on outsourcing 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 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). Subsequently, the company can concentrate on its core competencies to gain sustainable competitive advantages and it can outsource the other activities or functions to a specialised company at a lower cost. The third approach is Transaction Cost Theory (TCT). This approach expects that the company should compare between the cost resulting from insourcing (production) and outsourcing (transaction cost). So, 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 transaction (outsourcing) and the cost of production, namely insourcing (Tayauova, 2012).

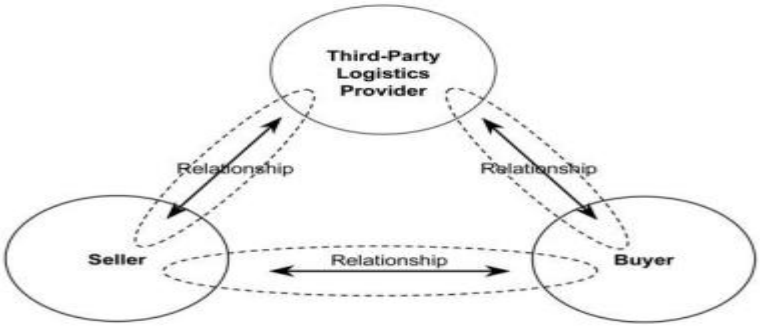
Zhu *et al* (2017) mention that logistics outsourcing is classified into two groups. Basic logistics outsourcing (BLO) and Advanced logistics outsourcing (ALO). Basic logistics outsourcing is concerned with the outsourcing of traditional logistics activities such as warehousing and transportation (Hsiao *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 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 a logistic information system, while function activities are such

as purchasing and order processing (Halldorsson and skjott-larsen, 2004; Anderssson and Norrman, 2002). So, advanced logistics outsourcing is more sophisticated than basic logistics outsourcing. In addition to that, the engaged parties, namely 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 relationship as shown in the figure below.

Figure (2.1) explains the dyadic relationships among seller, 3PL provider and buyer.



The source: Bask (2001)

The relationships include the relationship between the seller and 3PL provider, 3PL provider and the buyer and the relationship between the seller and the buyer. The seller represents the buyer of logistics services from the 3PL provider. Subsequently, the seller is the customer of 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). 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). So, many companies are interested in gauging customer satisfaction to know more about customers' preferences. Also, a company's performance is closely related to the satisfaction's dimensions because this demonstrates the company's weaknesses and strengths (Mihelis *et al.,* 2001). Gaining and maintaining satisfaction is a real challenge to business leaders (Parasuraman *et al.,* 1985) and it is important because it is an organisation's parameter and any change in the current market can influence customers' 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 the customers' perception is met or that it exceeds the customers' expectation, as the customer will then repurchase the service or the product (Chin *et al.,* 2013). There is a consensus among researchers that the service quality is intended to generate 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). It is important to firms 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. Subsequently, marketing literature is interested in the subject of service quality because poor service quality will place the company at competitive disadvantage. The measurement of service quality relies on the matching of customer's perception with customers' expectations. So, successful service providers are able to offer service through adding benefits to the offering which makes 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 a crucial role 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 computer downtime. The second type is soft measures that rely on perceptual data such as customer's satisfaction with the speed of service achieved to them and 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 will be compared with the subsequent experiences that will lead to the evaluation of quality or satisfaction (Zeithaml *et al.*, 1993). Subsequently, customer's perception will be influenced by a person's expectation. So, a person with high expectation of quality will perceive or find a poorer quality compared to those with lower expectation. So, the customer with lower expectations can be satisfied easily (Kotler and Keller, 2006).

Zeithaml (1990) states that there are factors that influence customers' expectation. The first is word of mouth where the customer can be influenced by what he or she hears from other customers. The second factor in customers' expectation depends on their personality and their circumstances. The third factor is customers' communication with service providers which is an influential factor in shaping customers' expectation. Abedin (2015) states that customers' expectations are formed from word of mouth, advertisement and customers' 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 to make them satisfied (Rao and Sahu, 2013) or a person's response to stimuli that they are exposed to them by giving significance to each stimulus such as taste and colour (Sureshchandar *et al.,* 2002). People's response to stimuli depends on their expectations, needs and values. Sureshchandar *et al.,* (2002) states that the informational cues associated with a product or service are the basis 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 customer compare perceived performance of service/product, namely perception with the customers' standards, namely expectation. The outcomes are one of the following results:

1- Neutral feelings. This occurs when performance, perception, matches the reference points, expectation.
2- Satisfaction. This can be gained when performance is considered better than expectation.
3- Dissatisfaction. When performance is regarded worse than expectation.

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

2.1.4 -Measuring logistics service performance.

There is no a 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, 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 provider is only capable of quantifying the value created by them to the customers and cannot gauge the customer satisfaction with the value introduced by the service suppliers. The second school, objective approach, this school adopts the idea that customers 'perception should be compared with the service users' expectations. This school has contributed to introducing a model that has both customer service logistics and customer service marketing, while the first school focuses on the 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 pre-transaction elements. The elements include customer receives policy statement, management service and system flexibility, organisational structure and written statement policy. The second category is transaction elements. This includes product substitutions, stock-out level, elements of order cycle, order information, transhipment, expedite shipments and order convenience. The last one is post transaction elements such as 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 suppliers basis without making the customer evaluate the value created by service suppliers (Grant, 2004, Mentzer *et al.*, 2001).

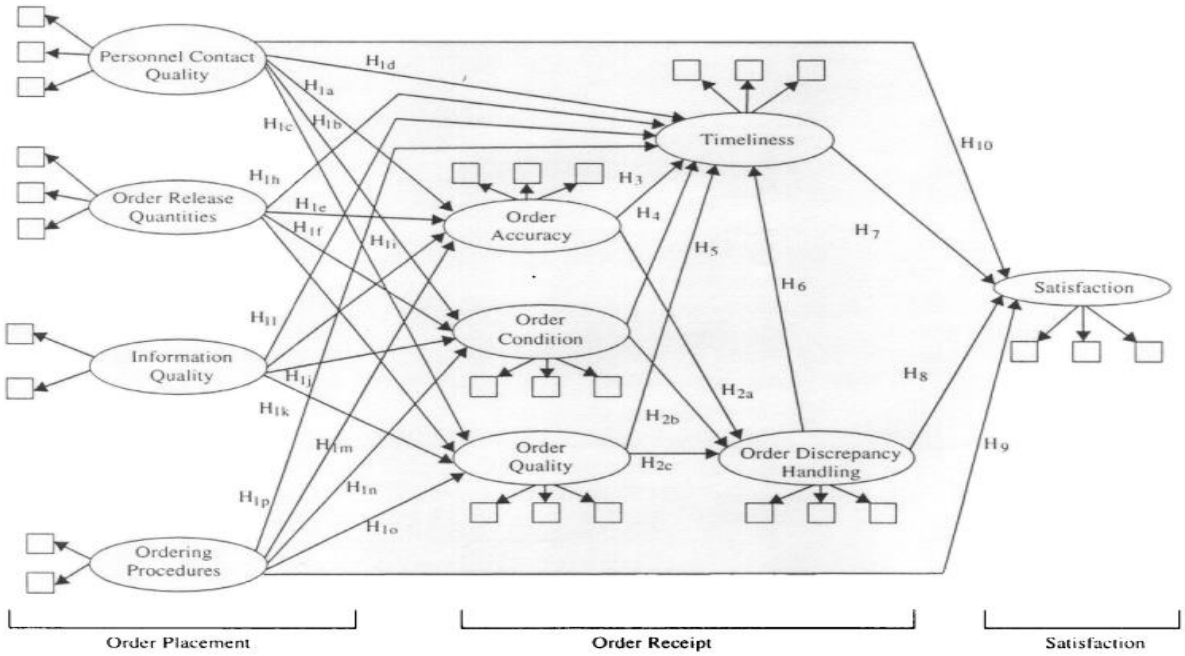
Other authors suggest that service suppliers' and service users' 'viewpoint should be taken into account (Johnson *et al.*, 2001). This may not be suitable because the customers should evaluate the value created by the service suppliers to identify their level of satisfaction.

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 asserted 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 five dimensions as the following: tangible, reliability, responsiveness, assurance and empathy. Tangible is the dimension concerned with the appearance of personnel, equipment and physical facilities. Reliability is interested in 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 interested in a 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 card (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.

Thus, Mentzer *et al.*, (2001) extended the study of Mentzer *et al.*, (1999) and they conceptualised nine dimensions of LSQ after reviewing logistics and marketing literature. Each dimension affects one another to reach the customer satisfaction as shown in the figure below.

Figure (2.2) explains the dimensions used to measure customer satisfaction in logistics



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

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

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 the third party logistics in the UK cross many different industries that deploy 3PL providers (Jaffar, 2006) .Also, the founder of this model and his colleagues applied it to many sectors and the founders of this model widely believe that LSQ should be evaluated by customers (Mentzer *et al.*, 2001) and 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 represent an important element of LSQ dimensions. They affect directly customer satisfaction and other items as well, namely order accuracy, and order condition, timeliness and order quality. Customer or logistics users pay more attention to customer service personnel who are knowledgeable, cooperative and enthusiastic to solve customers' problems (Zailani *et al,*. 2018; Mentzer *et al.,* 2001). Surprenant and Solomon (1987) asserted 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) stated that communication with service providers is an influential factor in shaping customers' expectation. It is a message conveyed by the suppliers to the customers. For these reasons, this dimension will be included and gauged in this study.

2-Order release quantities.

It is known also as product availability as well (Mentzer *et al.,* 2001). Melovic *et al.,* (2015) stated 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 more attention to this component because the product should be available in the distribution centre, 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 means financial losses.

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 procedure 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 .So, this dimension will be included 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 and 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 matching between the products provided by the suppliers and the items specifications set by logistics users (Saura *et al*., 2008 ; Novack *et al.*, 1994).

8- Order discrepancy handling

This refers to how the suppliers reaction towards the ordered products after delivering them to the customers if the products are not accurate and in poor condition. The suppliers' reaction towards these problems forms the customer's perception with 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 the figure (1), the outcome of the dimensions is customer satisfaction. Mentzer *et al*'s, (1999) work supposed that all dimensions occurred simultaneously to gain customer satisfaction but in Mentzer *et al*'s, (2001) work, they supposed that each dimension affects one another to reach customer satisfaction. This is attributed to that the fact that the researchers suppose that the customer's 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, a huge number of research findings has indicated that there is a positive relationship between service quality dimensions and customer satisfaction (Adat *et al.,* 2014).

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

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

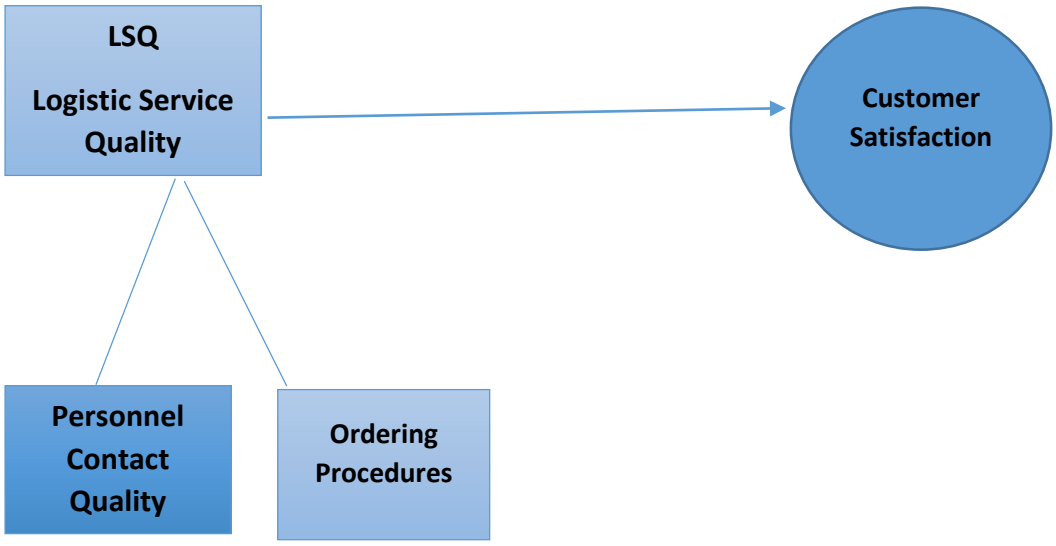
Saura *et al.*, (2008) conducted a study to examine the effect of logistics quality on customer satisfaction and customer loyalty. The finding revealed that there is a positive relationship between personnel contact quality and customer satisfaction.

LSQ Conceptual Model:

This is a part of the main Conceptual Frame work on page (95) representing the relationship between LSQ variables and customer satisfaction. There is an expected positive relationship between LSQ and Customer satisfaction.

H1: There is a positive relationship between personnel contact quality and customer satisfaction.

H2: There is a positive relationship between ordering procedures and customer satisfaction



The second section: The outsourcing relationship between 3PL provider and user

2.2.1- Social Exchange Theory

Zineldin and Jonsson (2000) stated 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.

Cropanzano *et al.*, (2016) mention that the social exchange theory divides the process of exchange into three parts: initiating actions, resulting relationship, then 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. 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, will move to the social exchange where they become generous and the interpersonal relationships between the parties become clearer.

The role of trust and commitment is big because the process of reciprocity involves risks between the buyer and the seller. So, trust and commitment reduce anxiety and allow the process of exchange to happen over time because trust and commitment develop as well and 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 will lead to flexibility. Thus, any unexpected events can be managed well. Furthermore, trust and commitment as informal

safeguards will highly contribute to prevent conflict 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). So, 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 expectation about the costs and benefits. Hence, it is very important for suppliers 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).

Social exchange theory is built on the assumption that partners engaged in a relationship expect that it will be rewarding (Blau, 1968). Subsequently, the nature of actors are self-interested ones who strive to transact with each other 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 alternative possible relationships in order to decide to continue, or switch to other relationships that give more 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 the emotions play a crucial role in the exchange between the parties engaged in the relationship (Lawler and Thye, 1999). Cropanzano *et al.*, (2016) assert that social exchange theory assumes that successful exchange

leads to economic exchange that in turn transforms it into a high social exchange. 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 the light on business to business context. The company is expected to continue in the relationship if the outcomes and expectations are better or similar than expectations and outcomes that can be gained by other alternative relationships (Lambe *et al*., 2001). Holthausen (2013) assert that this theory is a great tool that can be used in a 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 (benefits such as cost) and the social norms such as trust and commitment. In this way, the chance for continuation will be higher and the supply will be ensured. Due to this continuous exchange relationship, the customer will be the preferred one and the supplier will give it a special importance. Based on the above, this theory in supply chain context focuses on the social behaviour in order to increase the 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 represents the arm's length relationship between the suppliers and the customers. The price is the basis for transaction, while 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, the both the constructs were 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 described 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 will lead to the following: First: cooperation between the exchange partners if there is commitment and trust in the relationship because cooperation will be a strategy in which the relationship will be 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. So, 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. So, this study will investigate the quality of the relationship between the 3PL provider and the 3PL customer by focusing on the effect 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 to establish, develop and maintain relationships with customers in order to ensure successful relational exchange.

Relationship marketing is an area of 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. So, the relationship marketing should be

taken into the company's account since it increases the level of customer satisfaction and customer loyalty as well. This will positively reflect on the company's profitability.

Hersh *et al.*, (2014) state that today's companies are aware of the importance of a marketing relationship because the quality of this relationship affects the continuation and intensity the relationship between the supplier 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 results of this strategy is not only long-term profitable relationship but also gains 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 the 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 attention to the 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. Peterson (1995) states that relationship marketing's concentration is to establish, maintain and support relationships with buyers through interactive and value added contacts over a long time. Later, Harker(1999) gave 25 definitions of relationship marketing and he asserted 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 wants and 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 a customer-centric strategy and it is more successful than other types of marketing strategies. The reason for 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 the 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 customer satisfied with the services, may allow their customers to express their preferences and thus positively contribute to influencing the purchasing decision.

Walter *et al*., (2001) state that relationship can play a crucial role to 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 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' recommendation. The customers can be beneficial to the suppliers because the customers may have experience of dealing with other actors, such as banks.

Grönroos (2006) mentions that relationship marketing is not restricted to establishing relationships but also terminating it with customers and stakeholder members if necessary. In brief, companies are connected with each other 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 organisations 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 that much research has concentrated on building the relationship, taking relationship marketing into account as a universal term to study the area of business relationship. The subject of relationship marketing has become a hot discipline because it facilitates company's sales. Jackson (1985) affirms that business to business relationship marketing brings a lot of benefits to the companies, compared to the 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.

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 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 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 much 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 organisations 'members who play a big role in building commitment and trust for a successful relationship between organisations (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 the marketing performance as a whole. Due to that, much attention has been paid to the measurement of relationship marketing (Thomas, 2007). Despite the fact that 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 a 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- The relationship between relationship marketing and third party logistics

The major reason for 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 impact on relationship – marketing outcomes such as satisfaction and loyalty.

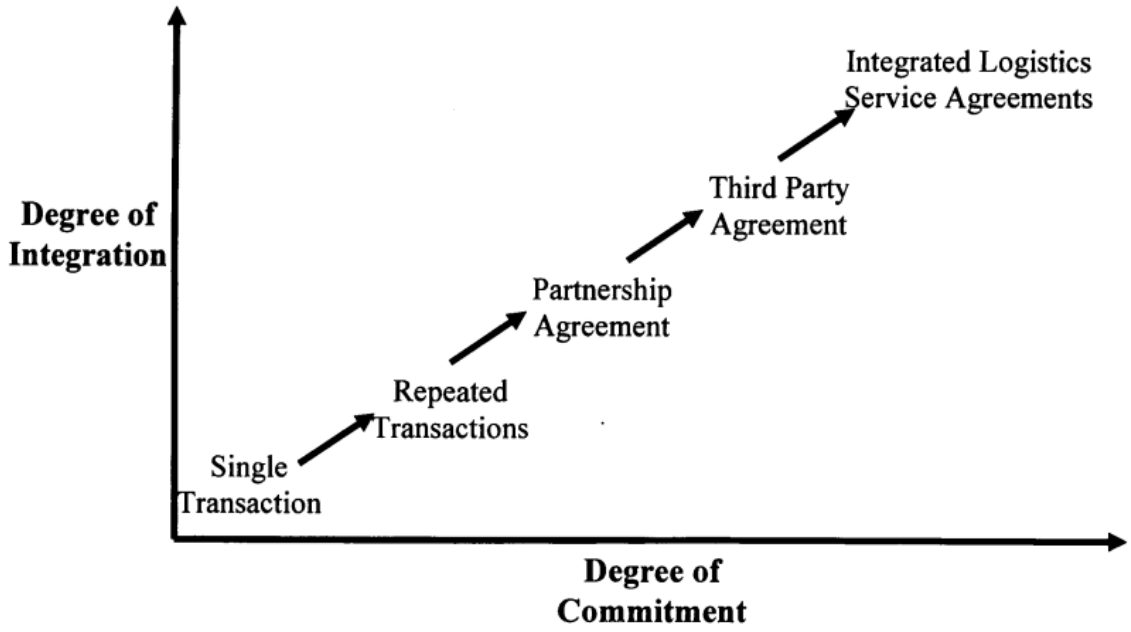
This study will examine two constructs of relationship marketing to examine the effect of those dimensions, trust and commitment, on the desired outcome of customer satisfaction.

2.2.8- The relationship between the third party logistics providers and users

Many authors have tried to investigate the nature of relationship between the 3PL provider and the 3PL user. Bowersox (1990) finds 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 and integration in the relationship between the 3PL provider and user



Source: Bowersox (1990)

A study performed by Langely (2016), demonstrates how the relationship between the 3PL user and the 3PL provider evolves over time, 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) explains the evolution of the outsourcing relationship

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 the 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.

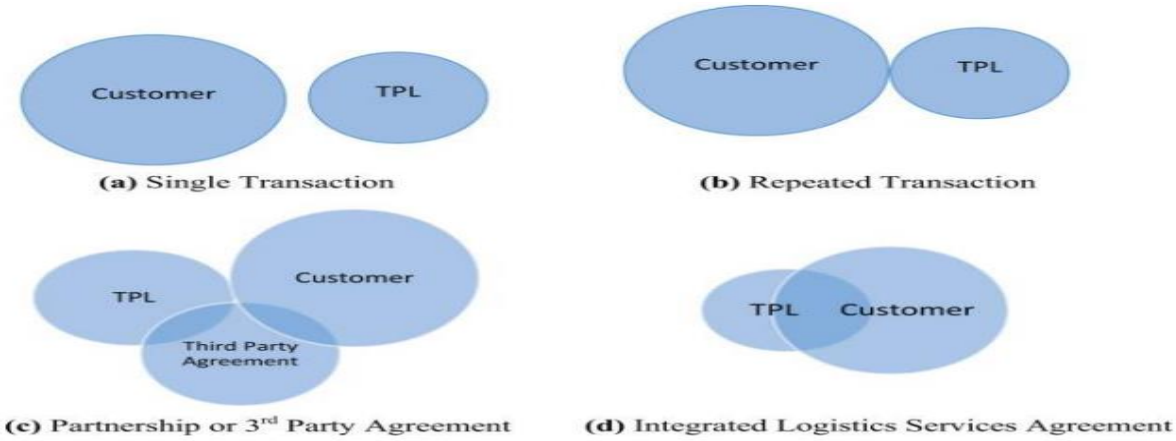
2- Service partner. This relationship is called operational partner. The third party logistics arrangements are based on long-term relationship and the 3PL provider and the 3PL user negotiate contracts. The 3PL user is interested to gain industry expertise from the 3PL provider and the cost is not regarded 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) developed 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 an integrated logistics service agreement.

In the first stage, 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 on 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) reflects the development of the mental circle (model) between the 3PL provider and user.



Source: Sharma and Choudhury (2014)

Figure 4(a) reflects this fact where the mental circles (models) for 3PL provider and 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's experience is the strongest factor for the 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 stages 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. The figure 4(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 is 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 a 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 and wants. Trust and confidence develop and they play a crucial role in this stage. Also, there is a lot of interactions between the two organisations and there is information exchange between them as well. The figure 4 (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 4(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.

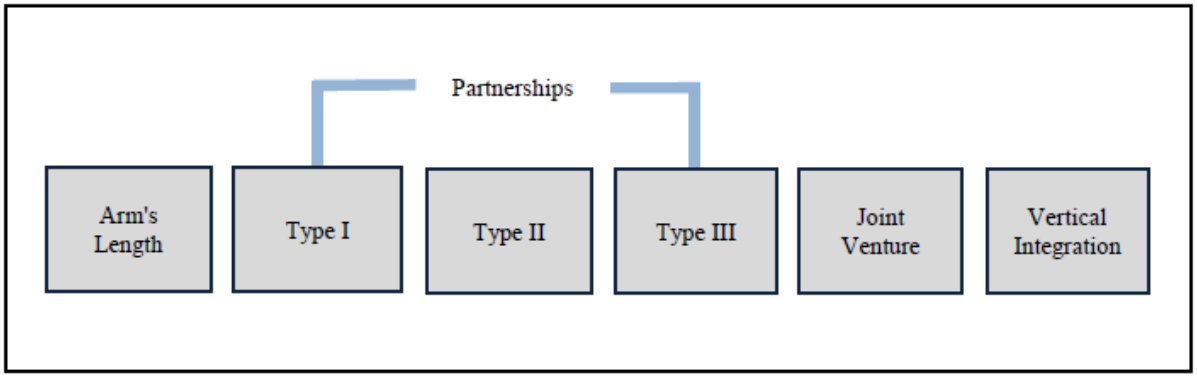
The fourth stage is the Integrated Logistics Service Agreement. This stage is regarded as a strategic alliance between the 3PL provider and the 3PL user. The mental circles are overlapping as shown in figure 4 (d). This means that the 3PL provider and the 3PL user are highly integrated because the factor of trust reaches its peak. Also, the cultural difference and the 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) defined partnership is 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) defined 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 the figure (2,6) , Lambert *et al.*, (1996) identified, 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 and 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 the both parties and if the seller wins, this means that the buyer loses and the opposite is true (Kampstra *et al.*, 2006).

Figure (2.6) illustrates the relationships in business-to-business context.



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

Arm's Length is the opposite of relationship marketing (RM) where the 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 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 requires a degree of shared ownership between the seller and the buyer. They identified 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 organisations 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- Trust

Dyer and Chu (2000, p58) defined trust is "one party's confidence that the other party in the exchange relationship will not exploit its vulnerability". Trust is reliance on another party's word and each party is committed to fulfil 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 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.

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 organisations. 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 result in an increase in 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).

A lot of studies on supply chain look at the construct of trust from a 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 can be applicable in a business-to-business setting (Mouzas *et al.,* 2007). Ha *et al*., (2011) state that if we trust somebody, then we believe that this body is not expected to harm us. 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 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) and it is very important for 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 in 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).

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 in a 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 alsoreduce the fear associated with opportunistic partners who form a strategic alliance

(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 a prior relationship (Natovich, 2003). Trust may resul 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 their global reputation as a logistics company. Therefore the customer is sure that this company will meet the logistics buyer's needs.

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 a business-to-business setting leads to a closer relationship and the need for the 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).

Trust helps the business-to-business setting to solve problems related to business risks and stress. This will increase productivity and adaptation (Han *et al.,*2014).On the contrary , lack of trust in a 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 a 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 organisations. This fact is supported by many studies. For example, Blois (1991) concluded 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) conducted 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 is 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 failing in an outsourcing relationship 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 factor for outsourcing the relationship's success (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 a 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 3PL providers and 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 that the provider's willingness, 3PL provider, to develop and maintain a long-term relationship with the buyer, 3PL user (Goo and Huang, 2008). This relationship marketing dimension was 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 as important as warrant maximum efforts at maintaining it". Commitment can be defined as a company's willingness, partner, to sacrifice in the short–term gains 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 step is called awareness. In this stage, the 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 step 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 step is called expansion. Trust begins to exist between the exchange partners. Also, the interdependence increases and satisfaction will also 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 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 that it will continue as well. The last step in a relationship between the partners is dissolution. This stage is the stage of terminating a partnership where a partner evaluates his dissatisfaction and finds that the cost of partnership outweighs the advantages resulting from this relationship. So, the partners negotiate in order to terminate the relationship.

The outsourcing relationship produces outsourcing outcomes such as customer satisfaction and organisational performance. So, 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).

What increases commitment in an outsourcing relationship is that the 3PL provider should understand the 3PL user' needs and requirements (Susarla, 2010). This means that knowledge sharing between the provider and the clients will increase commitment. This knowledge is associated with the provider's capability in which both partners' performance and commitment will increase (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 in this relationship and the desire to maintain the relationship (Rai *et al.,* 2012). In other words, commitment means a customer's 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 and that it is a sufficient complete condition that makes the relationship between the two parties last for a long time. Goo *et al.,* (2009) assert that commitment not only reflects the customer's belief regarding its intention about the provider but commitment 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 this relationship. So, commitment is considered as a long-term evaluation of the outsourcing relationship. Also, few studies take the construct of commitment to study the relationship between the provider and the customer (Chou *et al.,* 2015). So, this study will address this gap as well.

If the partners take the term of commitment in their accounts then commitment is 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 to develop 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 organisational research, but nowadays marketing uses this terminology to measure the relationship between the committed partners such as distribution channels, the seller and buyer relationship 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 operationalise affective commitment to measure the construct of commitment. The affective commitment and the calculative commitment will be included in this study.

Affective commitment arises when a committed partner has 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 (Bansal *et al.*, 2004). In the marketing literature, this type of commitment is related to loyalty (Gilliland and Bello, 2002). The committed partner does not pay much 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 concerned for emotional reasons. Also, this type of partner trusts his partner as well (Gilliland and Bello, 2002) 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 arise 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 (Sharma *et al.*, 2006). This means that this type of relationship is preserved by economic costs and the partner feels locked in. Bansal *et al.*, (2004) 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. So, if the partner plans to leave this relationship, he will lose everything and he needs 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.

The last type of commitment is normative commitment. The normative committed partner feels that he should be responsible for 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 obligation coming from rules, formal and informal, and regulations, customs and social norms .The rules are rarely stated in the contract but they are implicit. (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 normative committed partner to terminate the relationship because of social pressure (Sharma *et al, 2006*).

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

Vavra (2002,p.5) defined 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 organisation and the actual experienced performance as perceived after interacting with the organisation and consuming the product". This means that customer satisfaction is the outcome of comparison between expectations with performance. Oliver (1997, p.325) stated that "expectations are central to the satisfaction of the customer because, in their later variation, they provide a standard for later judgement of product performance". So, satisfaction is influenced by expectation and that is very important (Oliver, 1997). Thus, if the perceived performance is greater than expectations, then the customers are satisfied and the opposite is true.

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

Morgan and Hunt (1994) state that trust and commitment are the major constructs in a supplier-buyer relationship. So, 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 secure because of the belief that the partner has honest intentions (Geyskens and Steenkamp, 2000).So, this will increase customer satisfaction (Andaleeb, 1996). The reason for the positive relationship between commitment and customer satisfaction is that the committed partners can both reach their individual and collective goals. Hence, commitment results in a higher level of customer satisfaction and this is expected to preserve the supplier-buyer relationship (Chang *et al.*, 2012). Any model used in marketing and service marketing can be used in logistics in general as well especially in 3PL provider (Grant, 2007).

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

Mbango and Phiri (2015) performed a study to examine the impact of trust on customer satisfaction in the cement industry in South Africa in the context of a business-to-business

relationship using a self-administrated questionnaire. The findings indicated that there is a significant relationship between trust and customer satisfaction.

A study by Gilaninia *et al.*, (2012) on the effect of commitment and trust among members of a textile products supply chain on customer satisfaction. The result pointed out that there is a positive relationship between commitment and customer satisfaction. Also, there is a positive relationship between trust and customer satisfaction.

Akmar's 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.

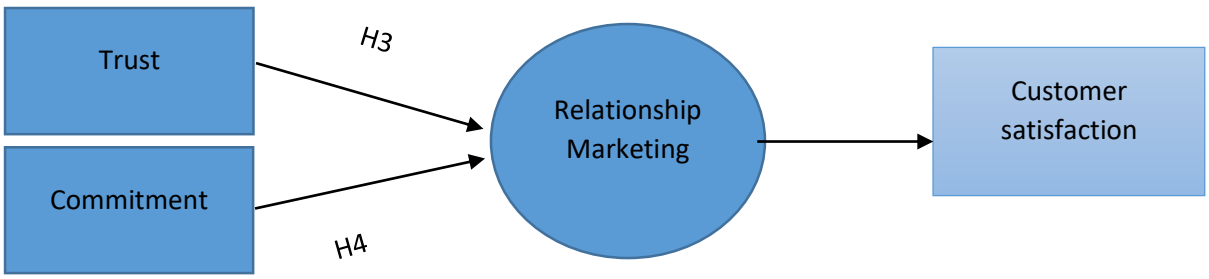
Sanzo *et al.*, (2003) conducted a study on the industrial companies. The result has indicated that an increase with the construct of trust will lead to an increase in customer satisfaction.

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

The conceptual framework for this section is shown below.

This is a part of the main Conceptual Frame work on page (95) representing the relationship between relationship marketing variables and customer satisfaction.

H3: There is a positive relationship between trust and customer satisfaction.
H4: There is a positive relationship between commitment and customer satisfaction



The third section: The relationship power between the 3PL provider and user

2.3.1- Definition of power

Turner (2005) defines the term of power as the ability to influence people or society to make them do something that cannot be achieved without this effect. 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 do 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. It means that (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' state by providing them 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 which 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 increase in sales represents an index of power exercised by the manufacturer over the supplier. Simon (1953) pointed out 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 tell the difference between the terminologies of power and influence (French and Raven, 1959). According to Turner (2005), the standard theory of power is the ability of influencing others who are in need of 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. So, possessing different kinds of resources gives different types of power, then giving different types of influence. Also, the definition of power given by Simpson (2015) differentiates 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 the personal relationships but it can be applicable to the organisations as well.

To sum up, there is no agreement among authors about the definition of power because there is ambiguity in the terminology 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 the profitability (Rehme *et al.*, 2016).

2.3.2- The source of power

As explained in the last section, that the power is important in the social relationship and it has effect on 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 organisational level of the marketing channels. Thus, when a group of companies belong to a certain supply chain, their power has effects on the inter-firm relationships. So , both of them, the power holder (source of power) and the power target where power is exercised over it, should be frank and they have to acknowledge that the 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 their 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 them are called the target companies.

Some thinkers widely believe that the 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 the 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 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 which are in need of these resources owned by the logistics providers.

Sources of power are classified into five types by French and Raven (1959) as the following:

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 based on expertise possessed by the supplier and it is dsired 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 stated that Raven and Kruglanski (1970) identified 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 classified 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 was widely used among authors (Fraizer and Summer, 1984; El-Ansary and Stern, 1972).

Hunt and Nevin (1974) pointed out 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.

Leonideon *et al*., (2008) states 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 will enhance and support the relationship between the channel members (Fraizer and Summers, 1984). This means that the 3PL provider 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 a 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 types reward, information, expert, referent and legitimate (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 a 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 will utilise 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. 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. So, 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 the companies incline to do their best with other distribution channels through 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 recommendation. 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. Recommendation is 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 their behaviour. The tactic of threat includes that the target will be penilised 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 do some action.

2.3.3- The effects of power in business-to-business contexts.

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 the 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- Disadvantages of power in business-to-business settings

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 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 a business-to-business context, namely the supplier and 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 manufacturer may take advantage of suppliers to make economic profits (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 supplier-buyer relationships will be enhanced and supported if there are symmetry and mutuality in the relationship, while asymmetries are expected to lead to instability and conflict that the harm business-to-business relationship. Kähkönen (2014) mentions that the suppliers and the 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 will usually take 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 regarding to matters such as higher quality, lower costs and delivery times. This will harm the company with less power. For this reason, power asymmetry in a business-to-business setting will push the source of power to act opportunistically to exploit their 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 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 its success in the long term (Belaya and Hanf, 2016) . Walter (2011) states that studies on coercion measure 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 recommendation and request 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 because legitimate, referent and expert power sources are not related to specific performance 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 the legitimate power is resulting from the internalised values that clarify that 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 above, coercive power and reward power are the most influential types of power compared to 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 will act as rivals 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 coercion power, and then the reward power and coercive power have the same bad effects on the relationship.

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) stresses that asymmetry power can build a trusting relationship if the power holder treats with 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) states that such punishment will deter the other partners from making the same mistake. Also, 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 suggestion 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.

Belaya and Hanf (2016) state that exercising non-coercive power does not include aggressive actions. However, it supports the 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 support the friendly atmosphere. Scholars found that non-coercive power supports the supplier-buyer relationship. Also, they 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) pointed out 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- Power in third party logistics

The topic of power in third party logistics is lacking and this study will address this gap by picking up information from journals and books. This contribution will be helpful to this study. Outsourcing was focused on specialist activities that are considered as a support to the organisation 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) observe.

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 3PL provider. So, the company becomes locked into to 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 (3PL provider) may behave in an opportunistic way and take advantage of the outsourced company (3PL user) by renegotiating prices or conditions. 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 asset used by the customer, 3PL user, but also the risk of power exercised by the supplier, 3PL provider, because of dependency (Gelderman,2003).

Outsourcing relationship represents a seller-buyer relationship and the firms are required to focus on 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, 3PL user, relies, to some extent, on their partner, 3PL providers. This means that power dependency, asymmetry, is represented in this relationship between the 3PL user and the 3PL providers. So, in this relationship, the independent firm, 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).

Many researchers use the terminology of interdependence asymmetry that reflects the partners' level of dependence. Ireland and Webb (2007) state that when the two parties, 3PL user and 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. So, the independent partners, 3PL providers, can exercise power over the dependent ones (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 (3PL users) are expected to be eroded and this partnership will never last.

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 (3PL provider) will misuse power (Cox *et al.,* 2004). Power may result in cooperation in the seller-buyer relationship because distribution of power will occur over time as a legitimate right (Kalafatis, 2002). On the other hand, Maloni and Benton (2000) pointed out that imbalance in power in the seller-buyer relationship may lead to higher levels of performance to the 3PL provider and user.

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 partner (3PL user and provider) having 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. So, 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).

2.3.7- Is cooperation enough to build stable seller-buyer relationships?

The factor of cooperation between seller and buyer achieves competitive advantage in business-to-business relationship and this is clear in the marketing literature (Hakansson *et al.*, 2009) and in 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 conflict as Hakansson *et al.*, (2009, P 24) states "the more that 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 customer too. So, two companies working with each other cannot evade conflicts and problems. Thus, the cooperative seller and buyer relationship is not free of opportunism, instability and conflict and 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 interest.

Chowdhury *et al.*, (2016) state that although the cooperative seller-buyer relationship may lead to power imbalance or information asymmetry and opportunism. Heirati *et al.*, (2016) asserts 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 in spite of power asymmetry because his strong dependence on the other partner forces 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 benefit 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 manufacturer and distributor 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 realise 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. So, the weaker party should tolerate with the holder of

power. Anderson and Jap (2005) assert that this situation may continue for a period of 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 a 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 an emotional decision, 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 a 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 Subsequently, power is 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 the all levels of social relationships (Standifer and Jr, 2010). Scholars have emphasised that such power has impact on business-to-busness relatinships (Kim, 2000),

In the context of business-to-business, 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. The degree of power may 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 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 creat 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 realises 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 the two partners 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 a business-to-business relationship based on pre-existing power interactions between them or/and accessing to the resources (Coleman, 2000). Literature in business-to-business relationship has indicated that the problems resulting from power asymmetry cannot be avoidable because of 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 will determine 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 overt conflict.

The power asymmetry will lead to low conflict between the seller-buyer relationships, namely business-to-business context, while relative equal power means less dependency. So, the conflict will apparently arise. 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 to adopt the defensive behaviour. The conflict exists in any relationship including business-to-business relationship or supply chain relationships. This is because there are interdependencies between partners. Therefore, the reasons for conflict are rooted in differences in goals and beliefs (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 nd the same goes for the seller-buyer relationship. The conflict should be solved as soon as possible to avoid extra cost and in order to make the supply chain or the seller-buyer relationship function effectively (Belaya and Hanf, 2014). Actually, the power plays a crucial role in solving 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).

There are a number of researchers who 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) pointed out that the use of coercive power leads to increasing conflict, while the use of non-coercive power will decrease 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 will be more satisfied due to the non-coercive power (Hunt and Nevin, 1974) and the weaker partner will be

encouraged to change their behaviour because this partner will benefit from the non-coercive power.

There are two types of conflict. 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) developed the terminologies of economic conflict and the 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 stronger actor in the dyadic relationship

Power asymmetry between the seller and the buyer is one of the hottest topics in studies related to the business-to-business relationship context (Habib *et al.*, 2015). Most of studies focus the light on the stronger side, supplier, 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, supplier. The company's dependency on its partner results in dominance of one actor over another actor. This relative dependency is known as power (Caniels and Gelderman, 2007)

Although power asymmetry in a business-to-business relationship can cause difficulties, but power can lead to coordination in the seller-buyer relationship because the distribution of power between the 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 exploit 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 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 the 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 will attract the stronger actor's attention in the dyadic relationship (Caniels *et al.,* 2010). For example, in the automobile manufacturers in 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 to find 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 resort to 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 obligated the weaker actor, buyer, 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). Therefore, the weaker actor is required to balance the benefits and the costs of entering into many relationships with stronger actors (Lindgreen and Pels, 2002).

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 actor (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 of it (Gulati *et al.*, 2008). Tähtinen (2002) states that when exiting from any relationship, the weaker actor stops the exchanging of goods, trust, bonds, commitment and personal relationship 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 cost, relationship-specific assets, legal cost, relationship closeness and type 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 relationship with its partner in order to achieve certain goals (Fraizer and Summers, 1984).Generally speaking, interdependence in a seller-buyer relationship is asymmetric and is known as relative dependence because completely symmetric interdependenceis rare in the businesses and relative dependence is the outcome of a power imbalance between the two actors in the dyadic relationship (Habib *et al.*, 2015). Subsequently, the weaker actor can make its resources more important to the seller by reinvesting in them but if the weaker actor does not possess resources that are important to the strong actor, then the weaker party, 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 a 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 a 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 the 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 USA without telling them, and the paint manufacturer had to file for bankruptcy.

Switching cost. It 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 set-up cost and the second one is 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 cost means that there is an increase in the weaker actor's dependency on the stronger actor in the relationship (Habib *et al.*, 2015). Switching cost is either legal cost (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 adapt them to 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). So, in this case, the weaker actor either improves its power position or accepts the current situation through complying with conditions set by the supplier, stronger actor.

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

For type of conflict, the supplier-buyer relationship is subjected to conflict that is defined as disagreement between the supplier and the buyer about the performed task (Habib *et al.*, 2015). The conflict between supplier and 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. So, 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, a dissatisfied partner and/or dysfunctional behaviours (Bobot, 2010). The weaker partner may encounter power asymmetry through 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 specialised in the electronic sector was able to improve its position of power by concentrating on the level of closeness with the stronger partner (Christiansen and Maltz, 2002)

2.3.11 -Power and customer satisfaction

In the context of business-to-business, exercising power produces types of compliance behaviour (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 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) and 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 the customer satisfaction because the buyers do not like to interact or deal with partners that impose sanctions on them (Geyskens and Steenkamp, 2000). Customers prefer to interact with suppliers which use non-coercive power because the customer will be more satisfied (Ramaseshan *et al*., 2006).

Jonsson and Zineldin (2003) conducted a study on the supplier-buyer relationship in the lumber market in Sweden in the context of business-to-business. The result pointed out that using non-coercive power, namely reward power, will lead to increased customer satisfaction, while coercive power will result in a decrease in customer satisfaction.

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

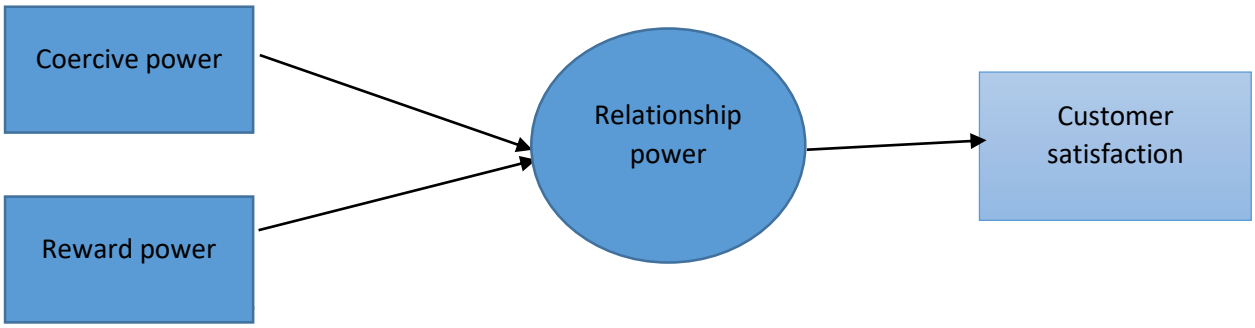
Leonidou *et al.*, (2014) performed a Meta analysis on the supplier-buyer relationship to examine the effect of coercive power and non-coercive power on customer satisfaction, analysing 120 studies in 103 articles that were published in 37 journals. The finding pointed out that reward power granted by 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) revealed that coercive power increases customer dissatisfaction, whereas non-coercive power, reward power, has a significant relationship with customer satisfaction.

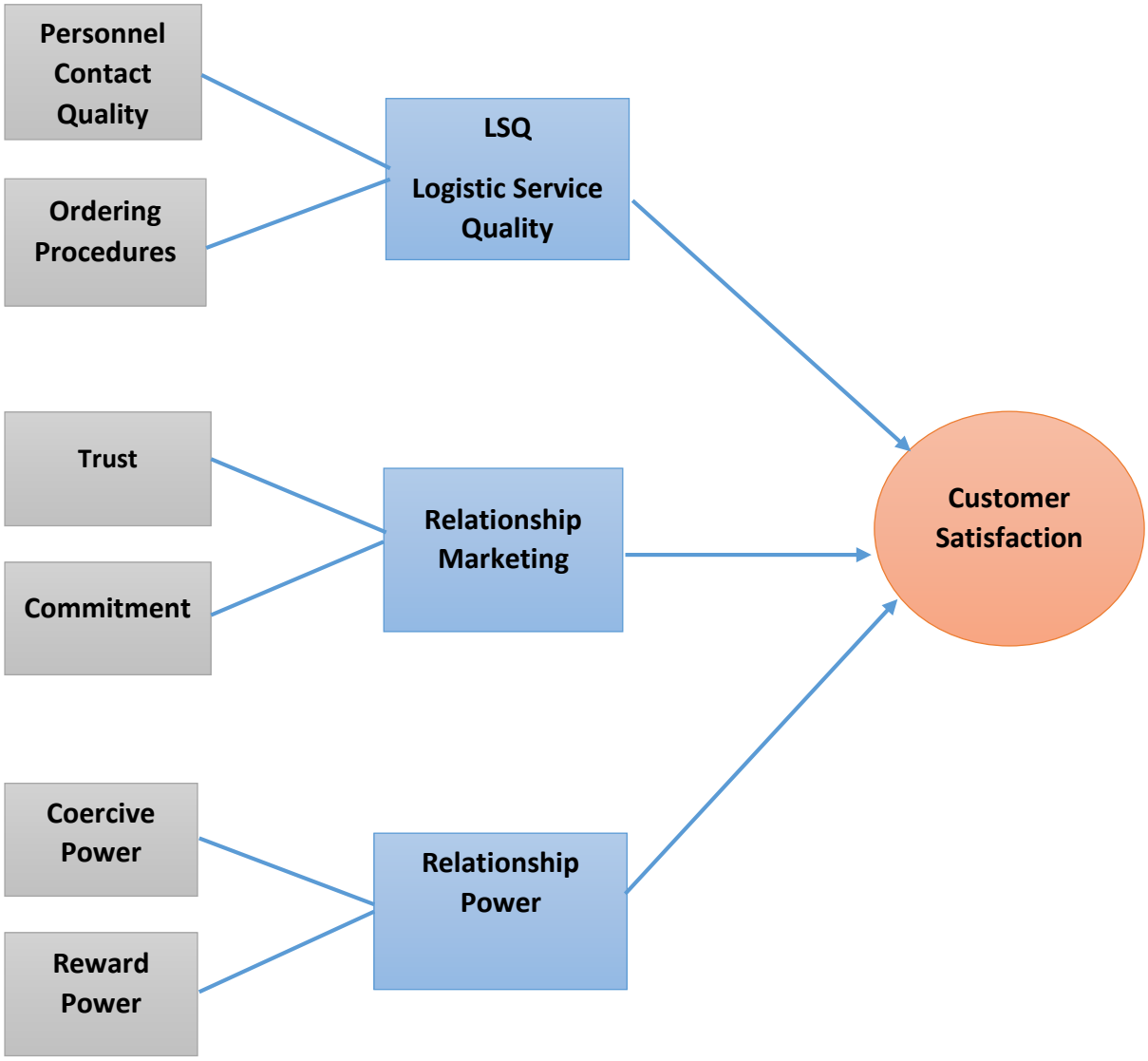
This is a part of the main Conceptual Frame work on page (95) representing the relationship between relationship power variables and customer satisfaction.

H5: There is a negative relationship between coercive power and customer satisfaction.

H6: There is a positive relationship between reward power and customer satisfaction.



The final model for the study is the following :



The hypotheses for the study are the following:

1- Higher perceptions of ordering procedures will lead to increased customer satisfaction.

2- Higher perceptions of personnel contact quality positively affects customer satisfaction.

3- Coercive power exercised by a 3PL provider over a 3PL user will negatively affect customer satisfaction.

4- Reward power exercised by a 3PL provider over a 3PL user will positively affect customer satisfaction.

5- Higher levels of trust will positively affect customer satisfaction.

6- Higher levels of commitment will positively affect customer satisfaction.

The third chapter: Research Methodology

3.1-The relationship between hypotheses, research questions and objectives

The relationship between hypotheses, the research questions and the research objectives are shown below.

The research questions	The objectives	The hypotheses
Research question 1	Objective 1	Hypotheses 1,2
Research question 2	Objective 2	Hypotheses 3,4
Research question 3	Objective 3	Hypotheses 5,6

The table (3.1) 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 the objective 1, while hypotheses 3 and 4 enable the investigator to achieve the objective 2 and they answer research question 2. The hypotheses 5 and 6 answer research question 3 and assist the investigator to achieve objective 3.

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 details.

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 will be helpful if the person 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 it 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 in product innovation and it fits with the qualitative research method (Jr *et al.*, 2016).

3.2.2-Descriptive research

This type of research aims to describe 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). The descriptive research is followed by explanatory research or what are called causal research designs to test the effect of one variable on another. In other words, descriptive research does not reveal causal relationships. On the contrary, explanatory research reveals causal relationships. For example, one variable (smoking) causes another variable (Cancer) (Jr *et al.*, 2016; 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 through 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 (Jr *et al.,* 2016). Causality means that any change in the cause (X) will lead a change in the effect (Y). Explanatory research reveals associations (relationships) between the variables by studying the problem at hand (Creswell, 2014).

This study is an explanatory study 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- Research Methodology

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 -The reason for understanding the research philosophy

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 in 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. Subsequently, prior to embarking on conducting the research, the investigator is required to think about the philosophical aspects. This is because the 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 past experience.

It is very important to understand the research philosophy. Crossan (2003) states that the 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 will be adopted in the research. This means if the researcher uses positivism, then he is interested to operationalise the concepts to measure them. The researcher will use a large sample to reduce the examined phenomena, then focuses on objective facts to formulate the hypotheses. The analysis will search 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 which reflects the way in which 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. So, the next sections will focus on the research philosophies with regarding 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 the knowledge from the world (Easter-Smith *et al.,* 2002). In other words, this philosophy is concerned with identifying the knowledge (what is the 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 is developed within the research process (Easterby-Smith *et al.,* 2002). Blaikie (2000) states that what is existent, it can be known in epistemology.

Epistemology is the way in which 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 is working 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 the author’s thinking (subjective reality). So, 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 the individual’s interpretations that constitute the facts in the world. In other words, 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 categorise epistemology and ontology. Epistemology has been categorised on the philosophical views basis as interpretivist and positivist, while ontology has been categorised as subjectivist and objectivist. It is widely common in business studies to adopt the epistemological stance by either interpretivism or positivism. So, both of the philosophies will be discussed. After that, objective and subjective ontological aspects will be 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 science. 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 there is cause and effect (patterns and regularities) in social science that is similar to those in the natural world (Denscombe, 2002). So, 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. So, 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 the reality is independent of us. So, the process of observing the 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 relationship 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 the quantitative research does 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 perception (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- Interpretivism

Interpretivism is regarded as anti-positivism (Crotty, 1998). This philosophy is closely related to the 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 experience toward particular things and objects. This will push the researcher to search for the complexity of the views, instead of narrowing the meanings into ideas and this type of research aims to depends as much as possible on people's view 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 an individuals' mind. So, 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 putting their personal values into the research. This will create different interpretations of data (Creswell, 2014). This paradigm has attempted 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 to explore 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 is in a changing state, because it depends on the social interactions as they occur. Subsequently, the results of this research are interpreted from the investigator's perspective (Sauders *et al.*, 2012). So, the repetition of the same study by different researchers may lead to different results (Gray, 2009).

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

The most appropriate epistemological stance is the positivism philosophy. This is because the research on logistics is more focused on the 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 the 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 require the researcher to identify the effects of personnel contact quality, ordering procedures, trust, commitment, rewards power and coercive power on the customer satisfaction. So, this means that the researcher will observe the social reality and this research will produce generalisations 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 the social phenomena must be observed and measured scientifically. Also, the positivistic research will be a bias-free research because the personal interpretations that may influence conclusions will be ignored.

3.6- Objectivism

The concept is based on the fact that the 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 (3PL user) can identify what they expect from the outsourcing companies (3PL provider) such as relationship marketing, relationship power and service quality. So, 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 organisational science that is built on the fact that the 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 and they widely believe that valid knowledge can be obtained by observation and measurement (Giddens, 1976;

Morgan and Smircich, 1980). Bryman and Bell (2011, p. 19) states that "social phenomena and their meanings have an existence that is independent of social actors ". So, 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 method and positivist epistemological stance during the conducting of the research.

3.7 -Subjectivism

In subjectivism, social phenomena results from the perceptions and actions of social actors. So, this concept encourages the focussing 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 (2012, p. 16) states"ontological position which asserts that social phenomena and their meanings are continually being accomplished by social actors". The researchers under this philosophy believe that the social phenomena can be accomplished by the 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 service quality in the customer satisfaction in the third party logistics in Jordan; the objective ontological position was 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). The scientific enquiry is objective in nature. So, the knowledge obtained by the scientific method will be 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 generalisations which require an objective paradigm. 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 two research approaches, deductive and inductive (Spen and Kovacs, 2006). Selecting the appropriate research approach is vital to get the conclusions about the phenomenon being studied (Wood and Welch, 2010).

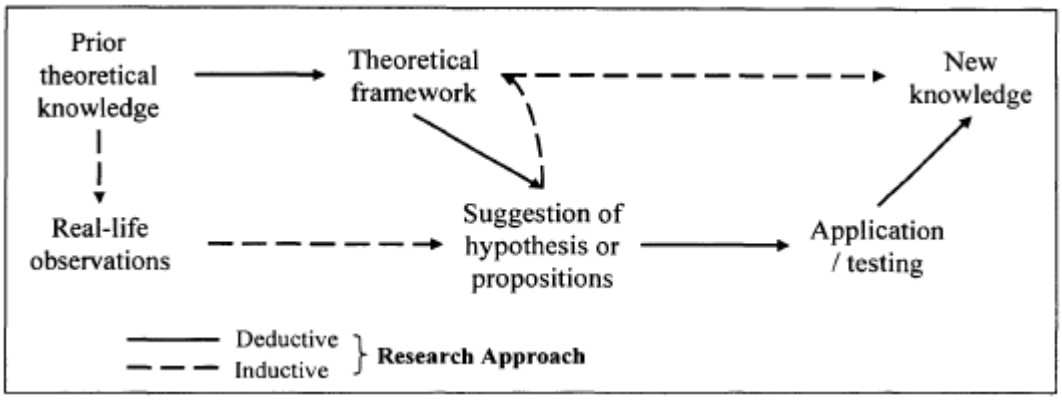
3.8- The research approach (deduction and induction).

According to Spens and Kovacs (2006), there are two research approaches related to the research on logistics: the deduction approach and induction approach.

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 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 that 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 will be accepted or rejected (Sneider and Larner, 2009). This approach is called the top-down reasoning process or an approach from general to specific (Pelissier, 2008).

Figure (3,7) clarifying the difference between deduction approach and induction one in logistics research.



Source: Spens and Kovacs (2006)

As shown in figure (3,7), 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 will 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. So this approach the starts with the observations then generalises the conclusion to similar situations (Zalaghi and Khazaei, 2016). The generalisations should be tested to reject or accept them (Godfrey and Hudson, 2010). Bernard (2011) asserts that theories will be constructed as a consequence of observations at the end of the research. So, the researcher focuses on the pattern to develop theory based on those patterns through hypotheses.

3.8.1-Choice of research approach.

The research questions purpose is to explore the effects of service quality, relationship marketing and power in customer satisfaction from the 3PL user's perspective. The deductive research approach was 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 operationalised 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 will allow the researcher to operationalise and measure the constructs. When the researcher adopts theories from other relevant disciplines, the deductive approach is needed (Kwak, 2014). Logistics is closely related with 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.

Lastly, this research adopted 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. 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 questionnaire, interview, observation, 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 the questionnaire in the logistics research. The first reason is that the questionnaire is able to reach various locations within a company to collect the data. The second reason is that the questionnaire allows the researcher to reach the upper management levels, in this study, 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 the data is numeric and the mathematical model will be 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 occurrence 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 emphasize 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, thought and experience. 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 analyse the data and interpret it because the researcher , in this research method, gets a lot of non-standardised data.

However, the qualitative research method has many disadvantages. The findings cannot be generalised 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 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 was 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 to explain 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, then, both the quantitative or qualitative research method are 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) found that the quantitative research method is the most dominant research method in logistics research. Trautrims *et al.,* (2012) analysed 450 articles issuing from the most three reputable logistics journals and they found that the quantitative method is still the dominant one. Research on the supply chain and logistics are focused on the quantitative methods and dominated by the positivism paradigm (Grant *et al*, 2010). Karatas-Cetin and Denktas-sakar (2013) conducted a study to explore the most dominant research method in logistics research reported in the most famous logistics journals. The results revealed that the quantitative research method is still the most used in logistics research employing deductive 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. So, it needs a systematic approach that presents the findings of the research through structuralised methodology. Hence, the quantitative method is the most appropriate method for the logistics research.

The quantitative research method suits the research questions because the purpose of the research questions is to investigate the causal and the correlational relationship between the independent variables, comprising personnel contact quality, ordering procedures, trust,

commitment, coercive power and rewards power and the dependent variable, customer satisfaction using correlation and multiple regression. Also, this research adopted 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 the dependent variable. Also, the relationship may be negative if the value of r = -1. Hair *et al.,* (2006) stated that multiple regression is a statistical tool that can be employed to analyse the relationship between independent variable and dependent variable by predicting the value of dependent variable when giving known value to the independent variable by the researcher. 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.

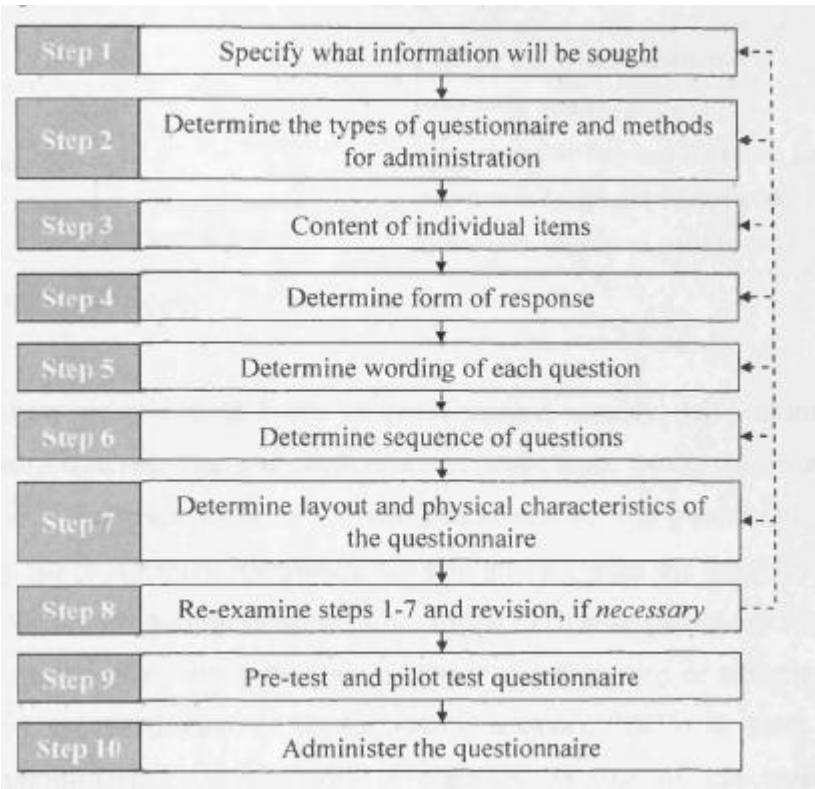
Recent studies on the same research questions conducted by researchers using the quantitative research method. Liu (2015) performed a study to investigate the effect of coercive power and non-coercive power on customer satisfaction in China using the questionnaire. A study by Jum'a (2016) was done to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

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

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 will explain the detailed steps in order to develop the questionnaire as shown in the figure (3,8).

Figure (3.8) illustrates the process of questionnaire development.



Source: Maylor and Blackmon (2005).

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

Decisions on the data collected by the researcher are dependent on the hypotheses that were formulated, based on the literature review and the measurement instrument, namely the questionnaire was designed to reflect the variables existing in the hypotheses that were formulated in the second chapter. The measurement instrument was designed in order to investigate the possible relationships between the constructs in this research. This research

deployed the questionnaire to gather the primary data on the studied constructs, while the literature review constitutes the secondary data. Collis and Hussey (2003) state that there are a lot of methods in which primary data can be collected such as on-line questionnaire, face-to-face questionnaire, interviews or focus group. 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 (3PL users) once only. Churchill (1999) asserts that this type of study is based on statistical calculations that summarise 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). So, this study is able to establish variables and investigate the relationships among these variables.

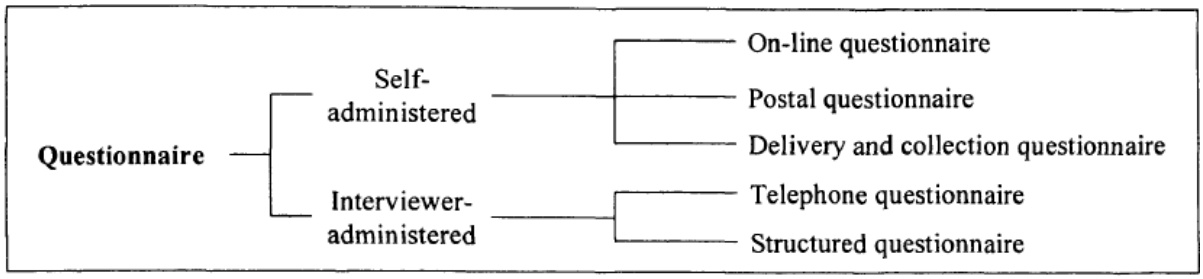
The second step is specifying the type of questionnaire and methods for administration.

Due to the large number of respondents (3PL users), it is very difficult to visit each respondent because of problems associated with money and time. Also, there was a weak response from these companies to the conducting of interviews. Hence, the questionnaire survey was 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 the questionnaire survey as shown in the figure (3.9) below

Figure (3.9) explains types of questionnaires and methods of administrating.



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

As shown in the figure, there are two types of questionnaire. The first type is self-administered questionnaire and the second one is interviewer-administered questionnaire. The difference between them is the involvement of the interviewer, namely the researcher. In the self-administered questionnaire, the questionnaire is completed by the respondents without any help or intervention from the researcher. On the contrary, interviewer-administered questionnaire includes face-to-face interview or verbal communication between the respondents and the researcher, namely telephone questionnaire or structured questionnaire (Maylor and Blackman, 2005). The interviewer-administered questionnaire is the most used technique in business research (Mayor and Blackmon, 2005, Aastrup and Halldorson, 2008). The technique is flexible and it allows to concentrate on specific subject and the researcher can collect extra information by 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. Subsequently, self-administered questionnaire will be more suitable for this research because of the cost, time, the location of interviewees and the interviewer and the absence of an interviewer will 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 higher response rate. So, this study will adopt the online questionnaire.

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 are 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:

First: The construct of trust was adapted from Doney and Cannon (1997). The items are as follows:

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.

Second: The construct of commitment was adapted from Geyskens *et al.,* (1996). The questions related to this variable include two types of commitment. The affective commitment and the calculative one.

The items related to the affective commitment are as follows:

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.

The items associated with calculative commitment are as follows:

1- It is very important to our company to stay with this 3PL provider.
2- If our company terminates the relationship with this 3PL provider, this will be too costly to our company.
3- Our company has no other viable and good options. So, it continues the relationship with this 3PL provider.

Third: The construct of coercive power was adapted from Jonsson and Zineldin (2003). The items are as follows:

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.

Fourth: The construct of reward power was adapted from Lee (1999). The items consist of five questions as follows:

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.

Fifth: The construct of customer satisfaction was adapted from Lee (1999) and Jonsson Zineldin (2003). The items of this construct are as follows:

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.

Sixth: The construct of personnel contact quality was taken from Mentzer *et al* ., (2001). This construct was measured by three items as followis:

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.

Seventh: The construct of ordering procedures came from Dabholkar (1994) who asserts that this construct should concentrate on flexibility, time, effort, ease and simplicity. Thus, these items suit this study, because the customers are interested in the complexity of ordering procedures and its reliability. This construct was gauged by the following items:

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.

The fourth step is determining the form of the response.

There are two types of response. 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 was not used in this research because the majority of items related to the research questions were adapted from relevant studies to fit the research questions and there was no need for extra information. The second form of response are 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 (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 questionnaire because poor wording of questions may prevent the respondents from answering the questions. Also, the respondents may answer the questions incorrectly (Churchill, 1976). So, clarification should be made before distributing the questionnaire because the researcher cannot make corrections after distributing it. For this reason, (Churchill, 1976) suggests that the words should be simple to make the meaning clear and the questionnaire should be reviewed by practitioners and researchers. Academic words may be well understood by the researchers but not by the respondents and the level of education to the respondents should be considered. Hence, the contents of questionnaire should be reviewed by academics and respondents.

In order to make the respondents' choice clear and simple, the questions are grouped in all sections under a consistent scale starting with "strongly agree" ending with "strongly disagree". Also, the double-barrelled question was not used to avoid confusing the respondents. This means that the answer will be single possible 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 the way in which 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 will ask the respondents general questions such as the position they hold and their experience. The funnel approach was 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 should be at the end of the questionnaire, because the respondents may feel threatened and they may stop answering (Chuhrcill and Lacobucci, 2002). Based on this, questions associated with trust, commitment and power were placed at the end of the questionnaire.

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

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 questionnaire. So, the layout of the questionnaire is an important matter. Due to that, the academics at London School of Commerce (LSC) were consulted to make sure about the layout of questionnaire 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 of Jordanian Logistics Association (JLA) stress the importance of the length of the questionnaire, because the longer 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 questionnaire was completed, a cover letter from the Jordanian logistics association was included in order to motivate the respondents to participate in the study by stating the purpose of study.

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

The practitioners and the academics reviewed the first draft of questionnaire in relation to 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.

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 minimise 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, pilot tests were made by the researcher after translating the questionnaire from English into Arabic through 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 in this stage.

The concept of validity means that 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 if the studied constructs (attributes) are unstable, this will lead to a lack of the reliability of the questionnaire and this, in turn, will influence the validity of it 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 can be used for the validity of the questionnaire. Face validity 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 will predict the same results. There are two types of scenario. 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 home 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 unidimensionality of a set of items. It has the ability to measure what it is supposed to measure (Han *et al*., 1998).

This research focused on face validity and confirmatory factor analysis (CFA) for the validity and the value of cronbach alpha for reliability.

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

The tenth step is administering the questionnaire.

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

3.11-Methods of sampling

The targeted audience in this study are the companies which deal with the third party logistics or what is call freight forwarding in Jordan. Jordanian logistics association (JLA) is the only organisation that has freight forwarding database (third party logistics).

The Jordanian Logistics Association (JLA) was established in the year of 2007. The association aims to be 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 organisations.

The Ministry of Transport, as an official entity, has supported the Jordanian Logistics Association (JLA) since its inception. Also, the association has received the 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 experience 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, rivals and supporters 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 help them to offer logistics services at high standards (Jordanian Logistics Association, 2019).

Berglund *et al.*, (1999) mention that it is hard to estimate the size of 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 3PL providers in any industry. Similarly, it is difficult to estimate the number of 3PL users. The number of 3PL users which will fill out the questionnaire is unknown. Nagin *et al.*, (2006) affirms 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 3PL users in the case of absence of the entire population is 386 companies (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 the logistics research. The number of 3PL users is large enough. Also, if the sample is large, this means less errors in generalising the results (Saunders *et al*, 2007).

The online questionnaire was distributed to the 3PL providers which, in turn, sent the questionnaire by email to their 3PL clients which sent the questionnaire after answering it to the researcher's email. It took 6 weeks starting from the first week of January 2019 until the second week of February 2019. The number of returned questionnaire was 245 questionnaires but the target was 386 questionnaires from 386 companies (3PL users). So, a reminder letter

was sent again to encourage companies which have 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. So, 260 questionnaires were received back from the 3PL users. However, 17 questionnaires were discarded because the 3PL user 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- 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 was 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 questionnaire was directed to the 3PL clients which may have a low level of English. 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 may make the respondents confused. So, the translating of questionnaire into Arabic is needed. The last reason is that a large part of this research was interested to evaluate the satisfaction of 3PL clients with the relationships (marketing and power). So, using Arabic may offer the respondents a better access of words when they describe their deep thoughts.

Based on above, the both versions of the questionnaire (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 meeting with persons working in the logistics area in Jordan and amendments were made according to their comments.

The fourth chapter: Data analysis

This chapter is devoted to covering the statistical analysis to address the research objectives and framework presented in previous chapters. At the beginning of this chapter, we present data analysis with some description for the demographic profiles of the samples being studied. In addition, the survey instrument consisting the basic features of the items are presented in terms of summary statistics. These summary statistics are organised into frequency tables, diagrams, and other relevant representation to display succinct information. The next chapter examines the validity and reliability of the survey instrument by utilizing Confirmatory Factor Analysis (CFA) and Cronbach's Alpha, respectively. 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 analyse the data. Mplus 8 is particularly used for CFA.

4.1-Demographic profiles

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

The first question asked respondents to identify their gender. The frequency distribution based on gender is presented in Table 4.1. The result shows that male respondents dominated the sample. Of 243 respondents participated in this survey, 201 were males accounting 82.7% of the sample and the remaining 42 respondents were females (17.3%).

Table 4.1. *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 respondents to identify their age group. The frequency distribution based on their age group is shown in Table 4.2. People aged over 46 years dominated the sample by approximately half of the respondents, 24.3% were in the age group of 46 – 50 and 23.0% were in the age group over 50. The number of young adults (18 – 25 years old) is the least, representing for only 4.9% of the sample. There were 12.3% of respondents that belonged to the age group of 26 – 30, 13.6% 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 4.2. *Distribution of age group of respondents*

	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 respondents to mention their highest completed level of education. Table 4.3 summarises the distribution of the respondents based on their highest level of education completed. The vast majority of respondents hold Undergraduate degree (54.3%). Nearly one third were reported to hold community college (31.3%), 12.8% were reported to hold a Master degree, and only 1.6% were reported with a completion of a high school diploma.

Table 4.3. *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 respondents to mention their number of years of work experience. Table 4.4 provides the distribution of the individuals of the sample according to their work experience. Of 243 samples, two respondents did not respond to this question. Among them, 10.8% had experience 1 to 3 years, 7.5% had experience 4 to 6 years, 19.9% had experience 7 to 9 years, 17.4% had experience 10 to 12 years, 14.9% had experience 13 to 15 years, and less than 30% had experience more than 15 years.

Table 4.4. *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 respondents to mention their current position in the organisation. Table 4.5 provides the distribution of the individuals of the sample according to their position. The majority responded work as Logistic Manager (33.3%). The numbers who responded work in Inventory Management and Sales & Marketing are almost equal, about 23% of the total sample. There was just less than 20% who responded work in Purchasing and Procurement.

Table 4.5. *Distribution of position in the organisation*

	Frequency	Percent	Valid Percent
Inventory Management	58	23.9%	23.9%
Logistic Manager	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 respondents to identify the type of services received from the 3PL provider. Table 4.6 presents the requency 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 3PL, followed by warehousing mentioned by 50.2% respondents. Value added services were mentioned by only 5.8% as the type of services received from the 3PL.

Table 4.6. *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 labelling	14	5.8%	5.8%
Total	243	100.0%	100.0%

The last demographic question asked respondents whether they have a contract with the 3PL or not. Table 4.7 shows the distribution of responses to this question. The majority of respondents stated they did not have acontract with the 3PL provider (61.2%) and the remaining 38.8% stated that they have a contract with the 3PL provider.

Table 4.7. *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%

4.2-Descriptive statistics for the survey instrument

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 5 points scale from 1 presenting strongly disagree to 5 presenting strongly agree (2 = Disagree, 3 = Neutral, 4 = 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.

4.2.1-Descriptive statistics for customer satisfaction

Table 4.8 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 organisation, with mean scores above 3 for all items. This item associated to satisfaction with the relationship with the 3PL provider was rated the highest with 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 that the relationship with this 3PL provider to continue” was rated the second highest with average score of 3.64 (SD = 0.693). Nearly 60 % of respondents agreed or strongly agreed with this statement. Following is “our company wishes more 3PL providers were like this 3PL provider” that was rated the third highest with average score of 3.45 (SD = 0.818) and approximately one third agreed or strongly agreed with this statement. Finally, “we will recommend that other 3PL users to do business with this 3PL provider” was rated the

lowest with average score of 3.35 (SD = 0.832). Roughly 40% respondents agreed or strongly agreed with this statement.

Table 4.8. *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*

4.2.2-Descriptive statistics for ordering procedures

Table 4.9 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 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 average score of 3.93 (SD = 0.876). More than three quarters of 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 to this statement.

The third highest rated item was simple ordering procedures of logistic services with mean score of 3.79 (SD = 0.876). More than two thirds of respondents agreed or strongly agreed to 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 respondents agreed or strongly agreed to these 2 statements about less effort and the flexibility of ordering procedures.

Table 4.9. *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*

4.2.3-Descriptive statistics for personnel contact quality

Table 4.10 presents the frequency distribution of responses and descriptive statistics of items associated to 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 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 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% respondents agreed

or strongly agreed with these 3 statements related to key contact personnel appointed by the 3PL provider.

Table 4.10. *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*

4.2.4-Descriptive statistics for commitment

Table 4.11 presents the frequency distribution of responses and the descriptive statistics of items associated to 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 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 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 reason for continuing working with it" with a mean score of 3.40 (SD = 0.617). About 40% 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 respondents agreed or strongly agreed to 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% respondents agreed with these two statements.

Table 4.11. *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
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*

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

Table 4.12 presents the frequency distribution of responses and descriptive statistics of items associated to 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 respondents agreed with this statement.

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

There were three items that were rated as the third highest items with almost equal mean scores. They are "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 to the first item and just below two thirds agreed or strongly agreed to 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 average score of 3.22 (SD = 0.443). Less than quarter of respondents agreed with this statement.

Table 4.12. *Descriptive statistics for trust*

No.	Dimension	N	Distribution of responses (%)					Mean	Std. Deviation
			SD (1)	D (2)	N (3)	A (4)	SA (5)		
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

No.	Dimension	N	Distribution of responses (%)					Mean	Std. Deviation
			SD (1)	D (2)	N (3)	A (4)	SA (5)		
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*

4.2.6-Descriptive statistics for reward power

Table 4.13 provides the frequency distribution of responses and descriptive statistics of items related to reward power. Interestingly, none of respondents selected strongly disagreed to 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 discount" with a mean score of 3.48 (SD = 0.688). Approximately half of the respondents agreed or strongly agreed to 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 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 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% respondents agreed or strongly agreed with this statement.

Table 4.13. *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*

4.2.7-Descriptive statistics for coercive power

Table 4.14 provides the frequency distribution of responses and descriptive statistics of items associated to coercive power. Interestingly, none of respondents selected strongly agreed to all items, except only one respondent scored strongly agreed to 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. 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 2.46 (SD = 0.799). Both items "our company should accept this 3PL's proposals, otherwise the 3PL provider makes the deal worse to 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% respondents agreed with these items.

Table 4.14. *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 3PL provider will make things difficult to our company.	243	12 (5%)	105 (43%)	112 (46%)	13 (5%)	1 (<1%)	2.53	0.694

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

4.3-<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 unidimensionality 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 about (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 a CFA and we can test if the gathered data represents 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 theorised that the item only measures one factor. In other words the model is a unidimensional model.

3. According to the unidimensional model mentioned above, we can define a collection of mathematical equations. 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 are true (unidimensional). This matrix is then compared with the correlation matrix that is obtained empirically from the data at hand. We call this correlation matrix as S. If our theory is correct about the true underlying model (unidimensional) then there should be no significant difference between elements in correlation matrix S and Σ. Mathematically, we can write this concept as follows:

$$S - \Sigma = 0$$

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

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

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

If the data support our theoretical model then we fail to reject the null hypothesis, meaning the different between correlation matrix S and Σ is not statistically significant and we say that the model fits the data well. This suggests that the theory that states all items measures the same thing (or factor) is supported by the data. On the other hand, if the data does 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 and we say the fitted model supports 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 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 model fit. There are different types of fit indices, some are based on a significance test 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 a non-significance test are many such as TLI, CFI, NFI, SRMR, etc. and some rule of thumbs are required for these indices for minimum level of score/value to determine good fit (Byrne, 2001). In this research, we only consider TLI and CFI indices as they are commonly used to be reported 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 significant level (usually $\alpha = 5\%$) to obtain χ^2 value. If the probability is above 0.05, then the null hypothesis is rejected. (Holmes-Smith *et al.,* 2004). In other words, if the p-value is over the level of significant, then a good fit model can be concluded. The Chi-square test has a drawback because it is highly sensitive to sample size. As sample size increases, the more likely we reject the null hypothesis and consequently, it becomes difficult to get a model fit in CFA.

Alternatively, we can use RMSEA (Root Mean Square Error of Approximation) that does not depend on 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, Tucker Lewis Index (TLI) proposed by Tucker and Lewis (1973) and 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 we say the model is an adequate fit model and if the value is above 0.95 then we say the model is a very well fit model (Hulland *et al.* , 1996).

4.3.1- <u>Validity for the construct of customer satisfaction</u>

Customer satisfaction is measured by 4 survey items. Using 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 we conclude 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. Modification is performed once and we get a model fit. The Chi-square test shows insignificant result at 5% level since the p-value is above 0.05. ($\chi^2(1) = 5.399, p = 0.528$). The null hypotheis of no difference between the theoretical model and the empirical sample model is rejected, and thus 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 this findings since both values are above 0.90. The resulting model fit indices are summarised in Table 4.15. Thus, a one factor model can be accepted, or that all 4 items only measured customer satisfaction. Figure 4.1 displays the diagram of the fitted model.

Table 4.15. *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

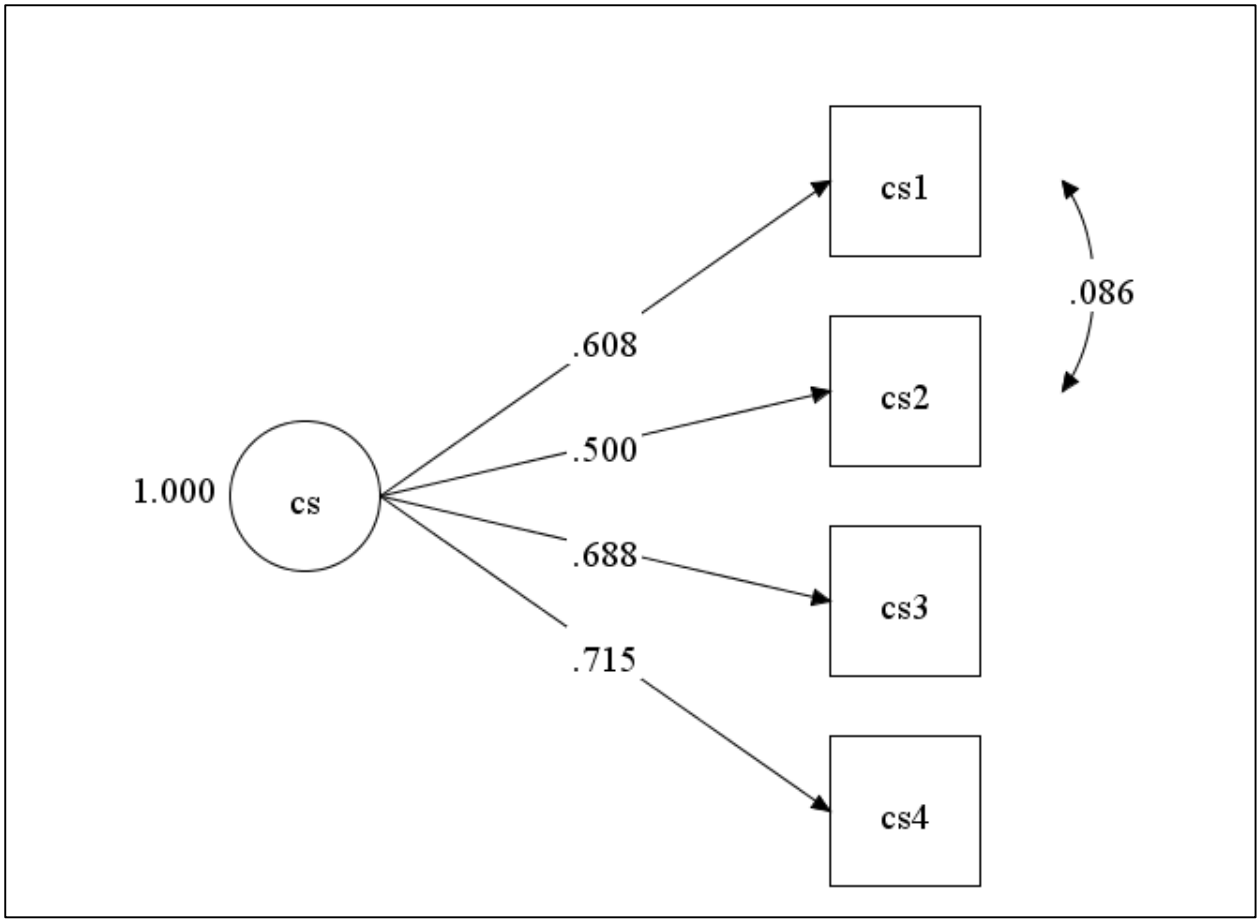


Figure 4. 1. *The one factor model for measuring customer satisfaction consisting 4 survey items*

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

The fitted model indicates the recommendation that other 3PL users do business with this 3PL provider is the most important item of the latent constructs with the highest loading factor (0.715). This suggests that this item contributes the greatest information in forming the

customer satisfaction. The least indicator is continuation to liking the relationship with this 3PL provider with a loading factor of 0.500. Table 4.16 summarised these findings.

Table 4. 16. *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

4.3.2-Validity for the construct of ordering procedures

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, and thus 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 4.17. Thus, one factor model can be accepted and all 5 items measures one factor of ordering procedures. Figure 4.2 displays the diagram of this one factor model.

Table 4.17. *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

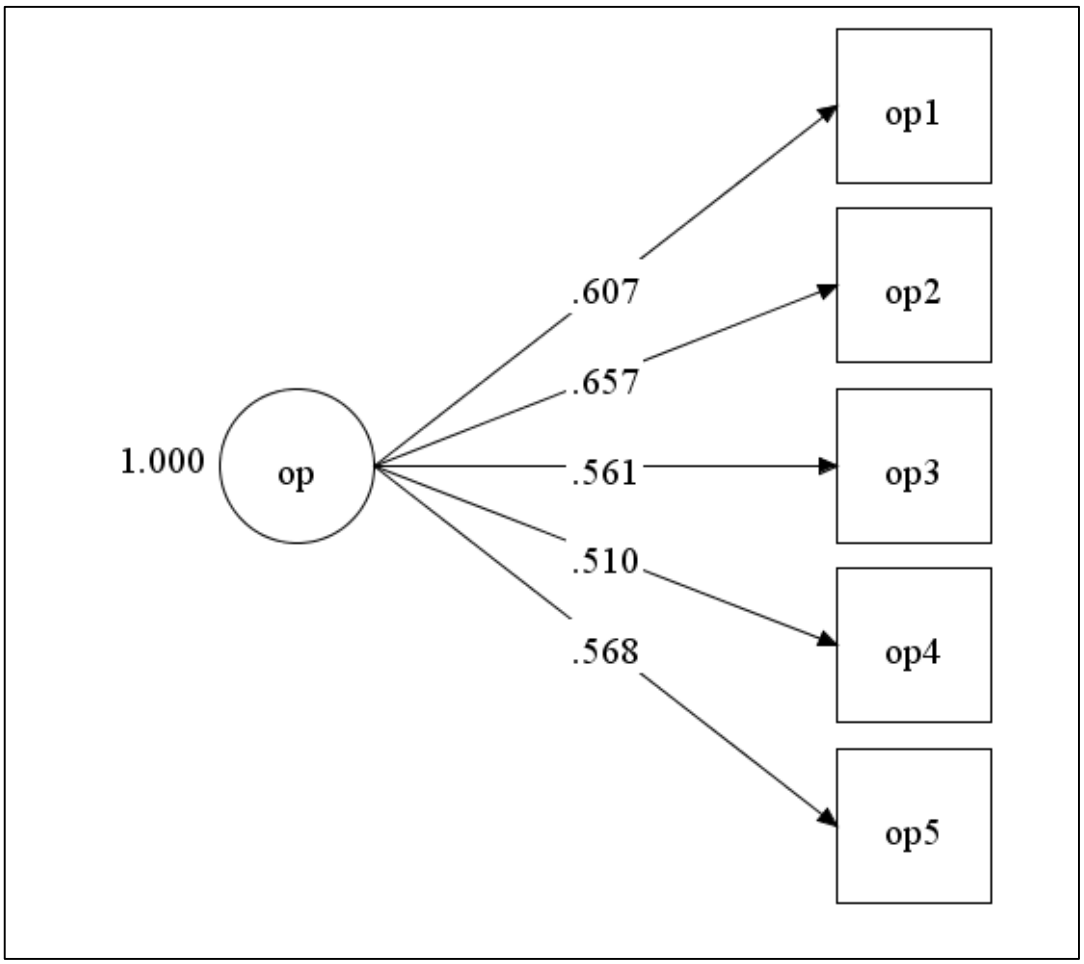


Figure 4. 2. *The one factor model for measuring ordering procedures consisting of 5 items*

After model fit has been confirmed to the observed data, then the next step is examining 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, we conclude that the survey items are statistically significant in measuring ordering procedures. Furthermore, all items are found to have high loadings because the standardised 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 4.18 presents these findings.

Table 4. 18. *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

4.3.3-Validity construct for personnel contact quality

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 personal contact quality. Since there are only 3 items, the model is saturated. We cannot use the overall test of goodness of fit to see how well the model fits. The resulting model fit indices are summarised in Table 4.18 and the diagram of the one factor model is presented in Figure 4.3.

Table 4.19. *Model fit indices for personnel contact quality*

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

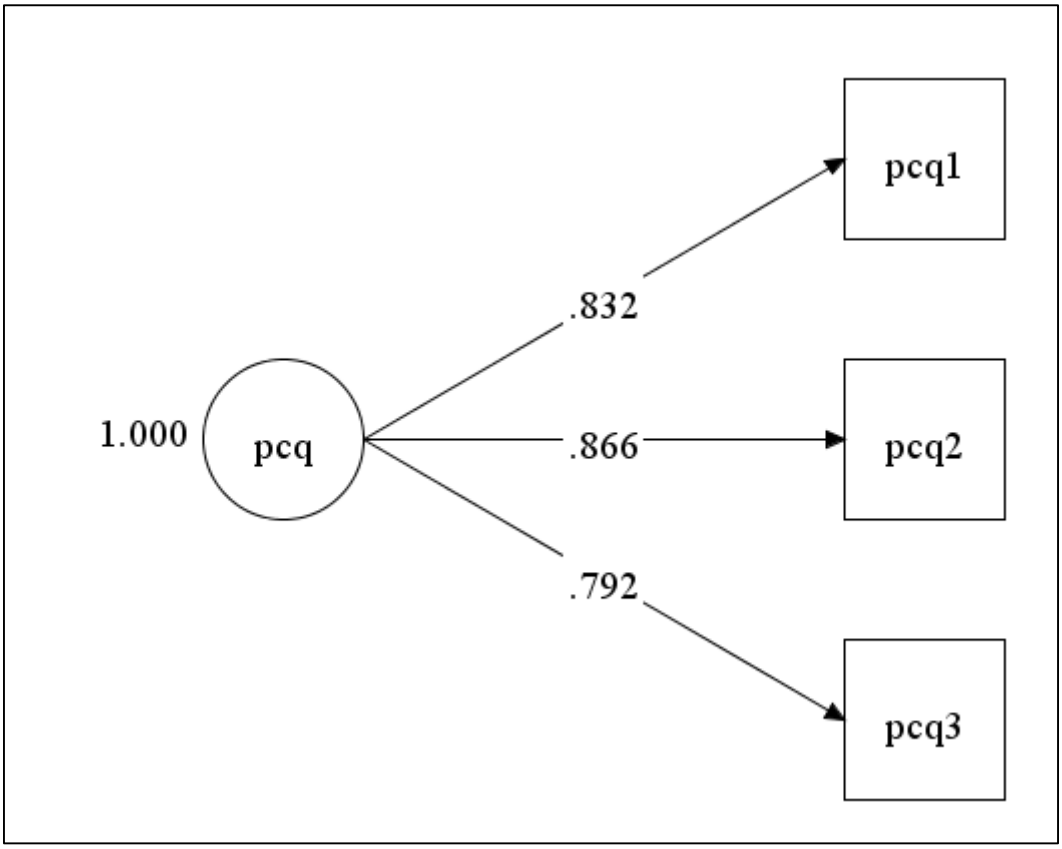


Figure 4. 3. *The one factor model for measuring personnel contact quality consisting 3 survey items*

The estimated factor loading for all items were found significant ($p < 0.05$). Thus, we conclude that personal contact quality are significantly measured by all items. Furthermore, the factor loadings for all items are found relatively high since the standardised coefficients are below 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 is the most important item of the latent construct with the greatest loading factor (0.866). The least important item is adequate knowledge and experience gained by the key contact personnel (0.792). Table 4.20 summarised these findings

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Table 4. 20. *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

4.3.4-Validity for the construct of commitment

Commitment is measured by 6 survey items. Using CFA, these items are examined in terms of if they are 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 ($\chi^2(9) = 468.470, p < 0.001$) and the value of RMSEA is 0.458. The null hypothesis is rejected and we conclude 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. Modification is run twice and we get a model fit. 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, thus suggesting a model fit. This finding is also supported from 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 summarised in Table 4.21. Thus, a one factor model can be accepted and concluding that all 4 items measure commitment. Figure 4.4 depicts the diagram of this one factor model.

Table 4.21. *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

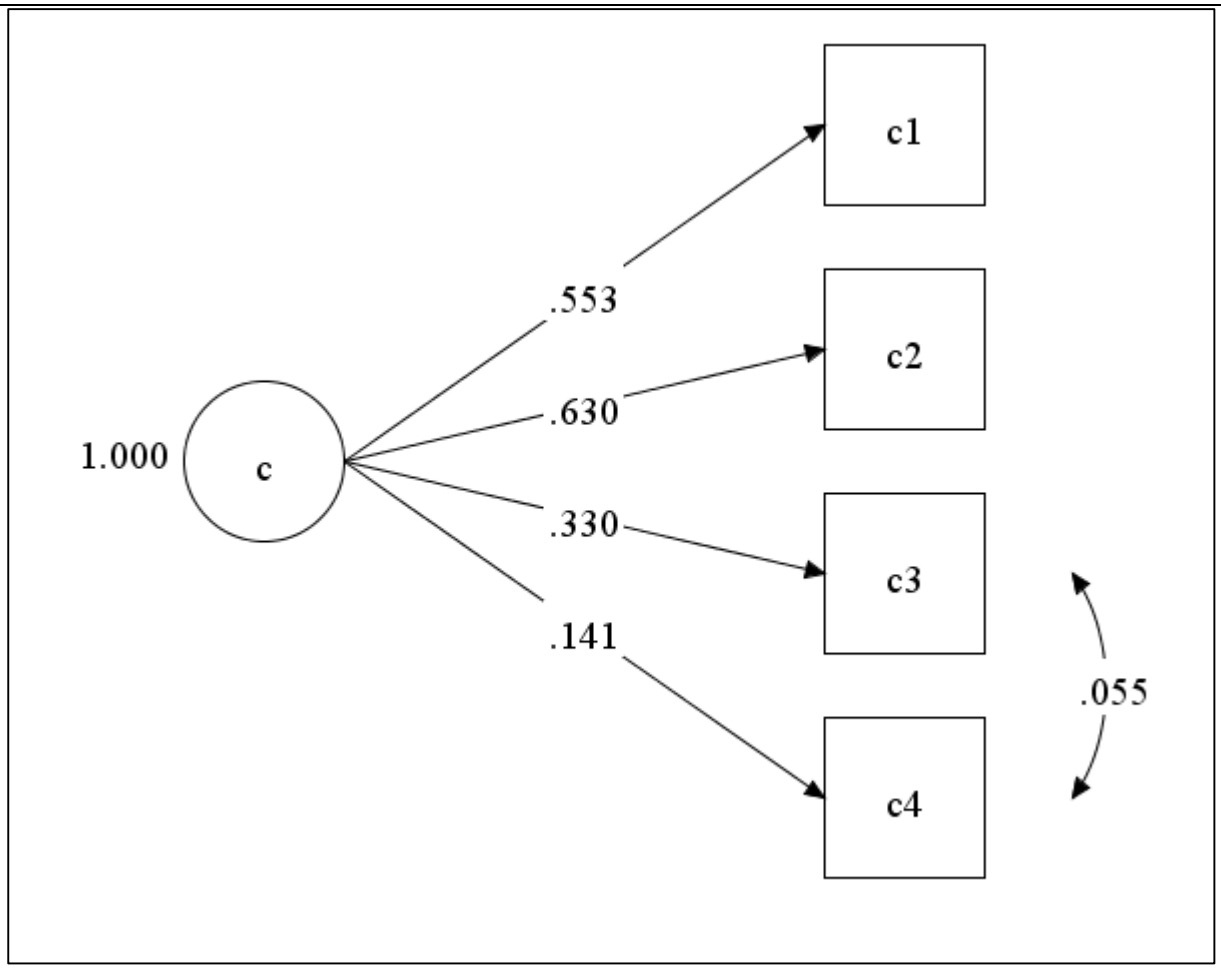

Figure 4. 4. *The one factor model for commitment that consisting 4 survey items*

After model fit has been confirmed from the observed data, the next step is examing the significance of all items, i.e. if they significantly measure commitment. The estimated coefficient factor loadings were found significant ($p < 0.05$). Thus, we conclude 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 is found as the least important item since with the least loading factor (0.141). Table 4.22 summarises these findings.

Table 4. 22. *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

4.3.5-<u>Validity for the construct of trust</u>

Trust is measured by 7 survey items. Using CFA, the unidimensionality 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 ($\chi^2(10) = 410..808, p < 0.001$) and the value of RMSEA is 0.406. In other words, the null hypothesis is rejected and conclude 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. Modification was performed three times including removing insignificant items from the model until a model fit is 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, we perfrom Chi-square test and found insignificant result at 5% level ($\chi^2(1) = 0.377, p = 0.539$). Thus, the null hypothesis of a good fit model is 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 a 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 summarised in Table 4.23. In conclusion, the one factor model of trust can be accepted. Figure 4.5 shows he diagram of this one factor model.

Table 4.23. *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

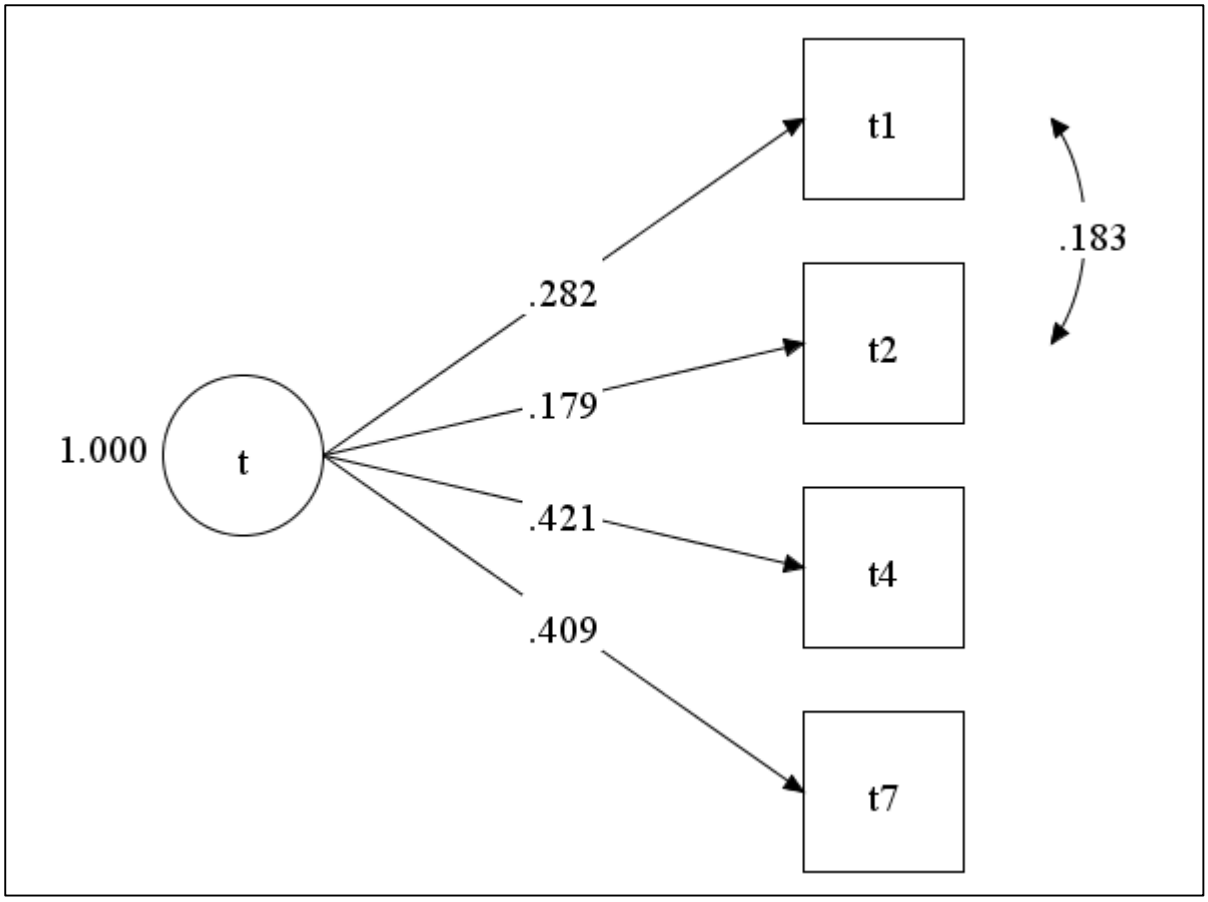

Figure 4. 5. *The one factor model for measuring trust that consists of 4 items*

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

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 4.24 summarised these findings.

Table 4. 24. *Estimated coefficient (factor loading) for one factor CFA model of trust*

Item	Description	Estimate	Std. Error	t	p-value
T1	This 3PL provider is trustworthy.	0.282	0.051	5.502	<0.001
T2	This 3PL provider provides our company with believable and correct information.	0.179	0.044	4.113	<0.001
T3	Our company trusts this 3PL provider.	-	-	-	-
T4	This 3PL is concerned with our company's success.	0.421	0.03	14.008	<0.001
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	<0.001
	Correlation T1 and T2	0.183	0.033	5.555	<0.001

4.3.6-<u>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. In addition, the null hypothesis is rejected and conclude 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, we perform Chi-square test and found 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 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 the data well because Chi square suffers when the sample size is big as stated before. Furthermore, the

calculated CFI and TLI values are 0.977 0.944, respectively, confirm these findings that the model is an adequate because both values are above 0.9. The resulting model fit indices are summarised in Table 4.25. In conclusion, the one factor model of reward power can be accepted. Figure 4.6 displays the diagram of this one factor model.

Table 4.25. *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

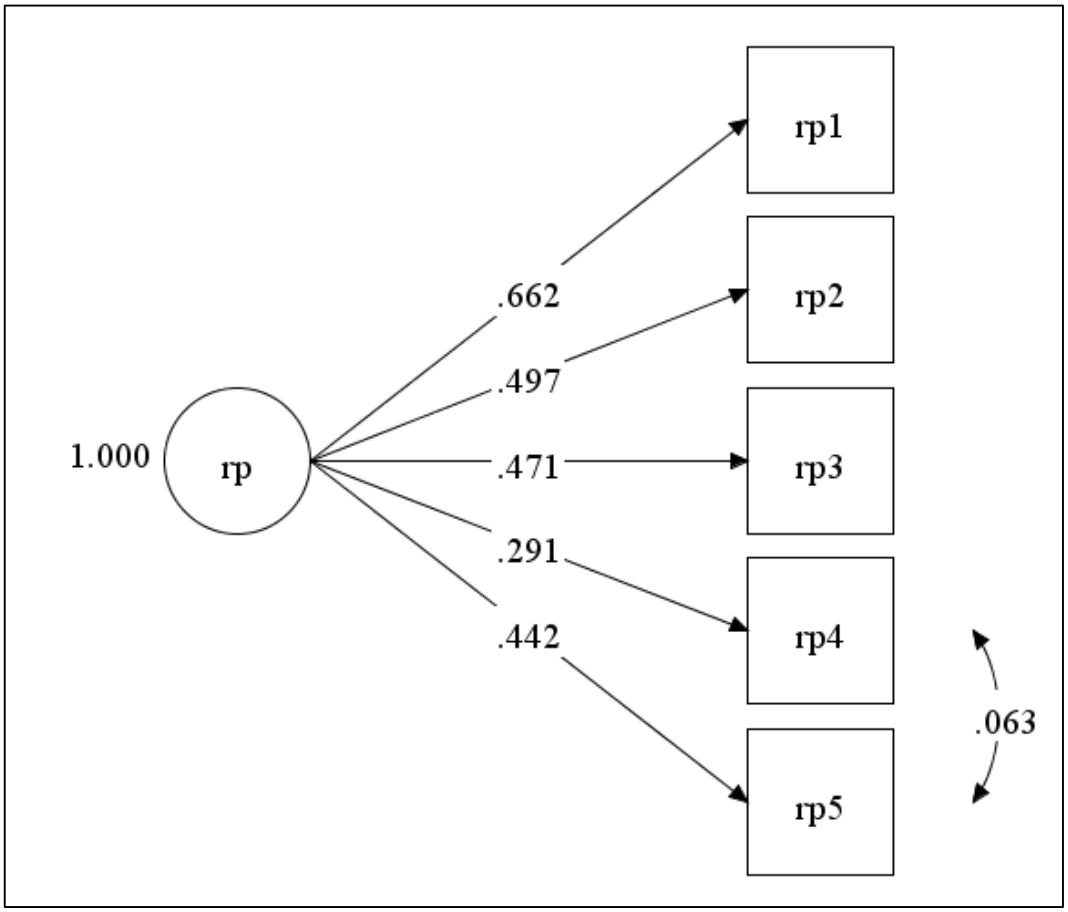

Figure 4. 6. *The one factor model for measuring reward power consisting of 5 items*

After model fit has been confirmed from the observed data, the next step is examining if all itmes have significant effect in measuring reward power. The estimated factor loadings are

significant (p<0.05). Thus, we conclude that the items have significant impact in 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 (0.661). The least important item is rewarding the company from time to time with the least loading (0.291). Table 4.26 summarises these findings.

Table 4. 26. *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

4.3.7-<u>Validity for the construct of coercive power</u>

Coercive power is measured by 5 survey items. Using 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 ($\chi^2(5) = 121.972, p < 0.001$) and the value of RMSEA is 0.310. The null hypothesis is rejected and we conclude 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 twice, we perfrom Chi-square test and found significant result 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 summarised in Table 4.25. In conclusion, the one factor model of coercive power can be accepted. Figure 4.7 shows the diagram of this one factor model.

Table 4.27. *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

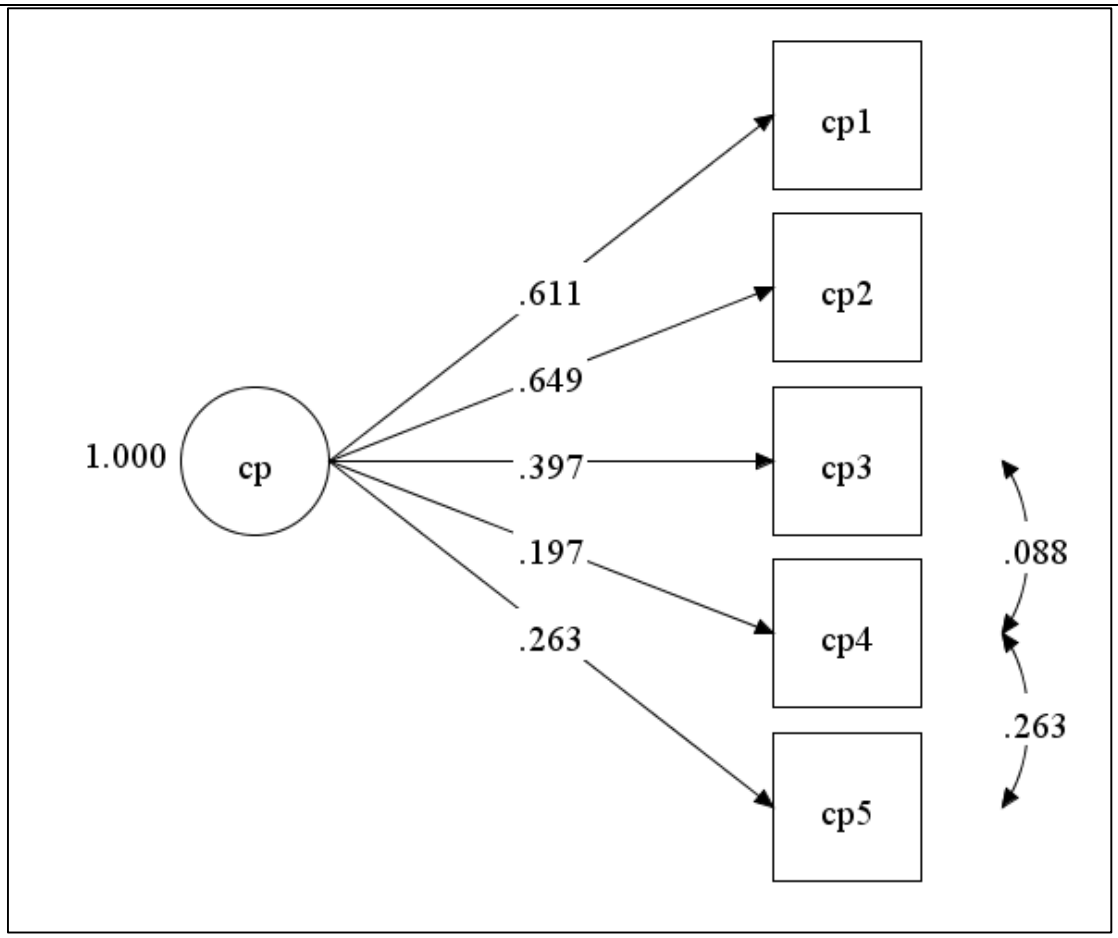

Figure 4. 7. *The one factor model for measuring coercive power consisting of 5 items*

After model fit has been confirmed from the observed data, the next step is examining if all items have significant impact on coercive power. The estimated factor loadings are found

significant (p<0.05). Thus, we conclude that the items have significant effect in 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 smallest loading factor (0.197). Table 4.28 summarises these findings.

Table 4. 28. *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

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

Cronbach's Alpha (α) is utilised 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

we will have meaningless results since our survey itmes are not measuring what they are intended to. A rule of thumb mentions that a Cronbach's Alpha coefficient that is greater than 0.7 is considered to have 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 personal 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's Alpha 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. The calculated Cronbach's Alpha coefficients are considered very satisfactory and demonstrates very high internal consistency because all coefficients are above 0.70. Table 4.29 summarises the estimated Cronbach's Alpha coefficients.

Table 4.29. Cronbach's Alpha coefficients

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

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 one 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
Personal 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 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-value are below 0.05. Customer satisfaction was found negatively correlated with coercive power (r=-0.491). To further confirm these relationships, whether we can accept or reject the research hypotheses, a 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-Multiple linear regression analysis

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

Linear regression is a parametric procedure because it has assumption of linear relationship between independent variable(s) and dependent variable. Other assumption such as normal distribution, homoscedasiticity, and multicollineary also need to be evaluated to provide a reliabile 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 personal 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 exist in statistical analysis where two or more independent variables are highly correlated. Table 4.32 displays the result of correlation analysis between the six explanatory variables. It appears that ordering procedures and personal contact quality are 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 are below the threshold. However, this part of 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					
Personal 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

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 reveal that there is no reason to concern that the independent variables excessively influence each other because the tolerance levels are all below 1 and the VIF scores are all below 5.

Table 4. 33. *Collinearity statistics*

	Tolerance	VIF
Ordering procedures	0.219	4.569
Personal 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 need 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 variable applies to the residuals or errors of the regression model. Figure 4.8 displays the distribution of these residuals. The plot suggests that the residuals are 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 is no severe departure from the straight line then there is no indication of departure from normality.

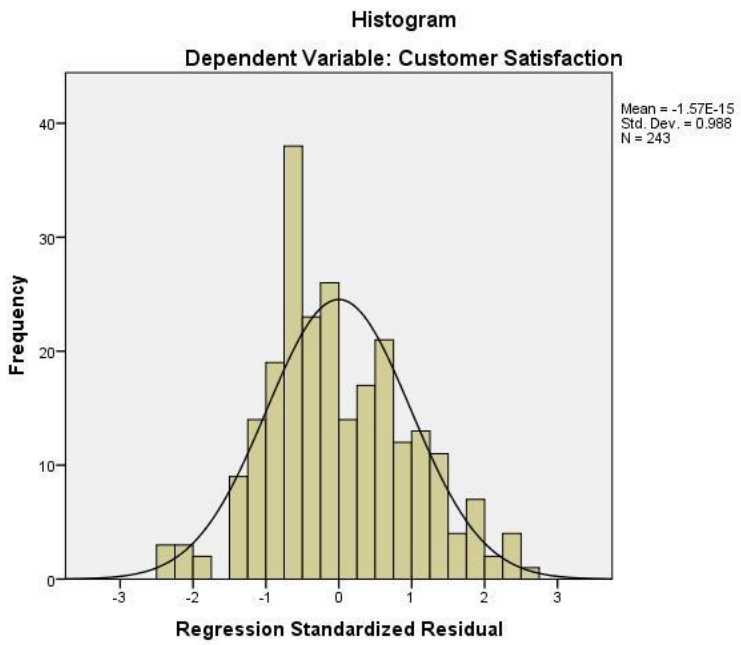

Figure 4. 8. *Histogram of regression residuals*

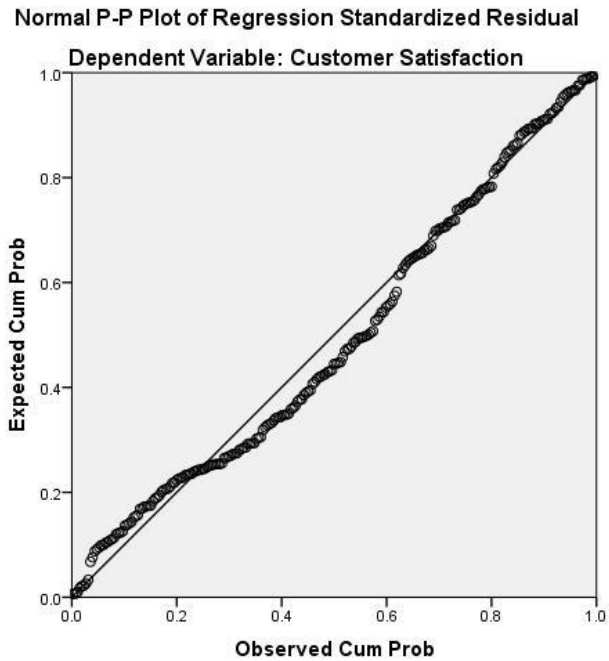

Figure 4. 9. *P-plot of regression residuals*

A linear regression model is appropriate to the data if the next assumption is also satisfied, 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 does not appear to show any trend or obvious pattern. The points are equally spread on the plot and show no specific pattern. Therefore, we conclude that the assumption of constant variance is 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, we can use the Durbin-Watson statistic. The statistic are vary from 0 to 4. The value has to be close to 2 to satisfy this assumption. Value below 1 and above 3 are cause for concern and may render the validity of the analysis null. In this analysis, the assumption is satisfied since the value of Durbin-Watson statistic is 1.406.

The last assumption of regression model is linearity, i.e. the independent variables in the regression have a straight line relationship with the dependent variable. We can evaluate this by checking if the residuals are normal and satisfy homoscedasticity. If these are met then we should not worry about linearity.

Based on the analysis above, when the assumption of no multicollinearity, normally distributed, homoscedasticity, uncorrelated residuals, and linearity have been satisfied, then the parametric regression or multiple regression model is 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 is 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 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 we can conclude the alternative hypothesis.

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 is 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, personal 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 shows 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	Unatandardised Coefficients		Atandardised 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 ordering procedures will lead to increase customer satisfaction

According to hypothesis 1 above, we can express this into following null and alternative hypotheses:

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

H_1: perception of ordering procedures has 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 we can accept the alternative that perception of ordering procedures have significant effect on customer satisfaction. This supports our hypothesis (Hypothesis 1) that ordering procedures have 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 variable held constant, a one unit increase in the score of ordering procedures perception can increase customer satisfaction by 0.172.

Hypothesis 2: Higher perceptions of personnel contact quality positively affects customer satisfaction

According to hypothesis 2 above, we can express this into following null and alternative hypotheses:

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

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

The estimated coefficient of personal 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 we accept the alternative that perception of personal contact quality has significant impact on customer satisfaction. This supports our hypothesis (Hypothesis 2) that personal contact quality has significant and positive impact on customer satisfaction, meaning that as perception of personal contact quality is higher this will increase customer satisfaction. In addition, the regression coefficient of personal contact quality is estimated equal to 0.104, showing that when other variables held constant, a one unit increase in the score of personal contact quality perception can increase of customer satisfaction by 0.104.

Hypothesis 3: Coercive power exercised by 3PL provider over 3PL user will negatively affect customer satisfaction

According to hypothesis 3 above, we can express this into following null and alternative hypotheses:

H_0: coercive power exercised by 3PL provider has no impact on customer satisfaction ($\beta_3 = 0$)

H_1: coercive power exercised by 3PL provider has 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 ($\beta_3 = -0.172, t = -3.537, p =< 0.001$). Therefore, the null hypothesis is rejected and we accept the alternative hypothesis that effect of coercive power exercised by 3PL provider on customer satisfaction is significant. This means we have strong evidence to our hypothesis (Hypothesis 3) that coercive power has significant and negative impact on customer satisfaction, meaning that as coercive power is higher 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 decrease customer satisfaction by 0.172 when other variables are held constant.

Hypothesis 4: Reward power exercised by 3PL provider over 3PL user will positively affect customer satisfaction

According to hypothesis 2 above, we can express this into following null and alternative hypotheses:

H_0: reward power exercised by the 3PL provider has no impact on customer satisfaction ($\beta_4 = 0$)

H_1: reward power exercised by the 3PL provider has 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 ($\beta_4 = 0.245, t = 3.455, p = 0.001$). Therefore, the null hypothesis is rejected and we accept the alternative that reward power has significant effect on customer satisfaction. This means we can support our hypothesis (Hypothesis 4) that reward power has 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 held constant, a one unit increase in the score of reward power will increase the score of customer satisfaction by 0.245.

Hypothesis 5: Higher levels of trust will positively affect customer satisfaction

According to hypothesis 5 above, we can express this into following null and alternative hypotheses:

H₀: trust has no impact on customer satisfaction ($\beta_5 = 0$)

H₁: trust has 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 ($\beta_5 = 0.422, t = 5.198, p < 0.001$). Therefore, the null hypothesis is rejected and we accept the alternative that trust has significant impact on customer satisfaction. This suggests that we can support our hypothesis (Hypothesis 5). The regression coefficient of trust is estimated equal to 0.422, showing when other variables held constant, a one unit increase in the score of trust will lead to an increase of customer satisfaction by 0.422.

Hypothesis 6: Higher levels of commitment will positively affect customer satisfaction

According to hypothesis 6 above, we can express this into following null and alternative hypotheses:

H₀: commitment has no impact on customer satisfaction ($\beta_6 = 0$)

H₁: commitment has 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 ($\beta_6 = 0.377, t = 4.577, p < 0.001$). Therefore, the null hypothesis is rejected and we accept the alternative that commitment has significant impact on customer satisfaction. This means we can support our hypothesis (Hypothesis 6). The regression

coefficient of commitment is estimated equal to 0.377, showing that when other variables are held constant, a one unit increase in the level of commitment will increase of customer satisfaction by 0.377.

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. We have seen that ordering procedures, personal contact quality, commitment, trust and reward power have 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 to 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 kind of motives, i.e. techonological and scientif motives. The first is proceed for implementation of change and the latter is to increase basic understanding without any concern related to immediate implementation of change (Whittaker *et al.*, 2002).

Several approaches have been proposed to calculate relative importance of independent variables in a multiple linear regression model. One of them is by using a standardised 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 standardised regression coefficients are more important as they represent a larger change in the dependent variable.

Table 4.35 summarizes the standardised regression coefficients. We can clearly see that the most important variable in driving customer satisfaction is trust with coefficient 0.249. Following in the second and third places are commitment and reward power with coefficient

0.207 and 0.189, respectively. Coercive power is the least important driver of customer satisfaction with coefficient -0.134.

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 customers satisfaction differs by demographic variables such as age, gender, education, working experience, position, whether they made 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, we want to examine if there are any demographic effects on customer satisfaction.

4.8.1-Customer satisfaction by gender

Table 4.36 presents the summary statistics for customer satisfaction by gender. The mean scores of customer satisfaction are relatively similar between male and female respondents. This might be an indication of no significant difference but given the variability of the observed data, we cannot be sure of it yet. ANOVA is then further conducted as a formal test to confirm if the difference is statistically significant.

Table 4. 36. *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 reveals that both groups have equal variances (F (1,124) =0.174, p=0.677) because the p-value is greater than 0.05. We fail to reject the null hypothesis of no difference.

Table 4.37 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. 37. *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-Customer satisfaction by age

Table 4.38 provides the summary statistics for customer satisfaction by age group of respondents. The mean scores are not so much different between age groups, ranging from 3.4 to 3.6. A significant different might be indicated from this but given the variability of the observed data we cannot be sure of it yet. ANOVA is then further carried out as a formal test to confirm if the different is statistically significant.

Table 4. 38. *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

Test of homogeneity of variances by using Levene's test reveals 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 is met.

Table 4.39 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. 39. *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 4.40 presents the summary statistics for customer satisfaction by respondent's highest education level achieved. The mean scores are not so much different between education levels, ranging from 3.5 to 3.6. A significant different might be indicated from this but given the variability of the observed data we cannot be sure of it yet. ANOVA is then further carried out as a formal test to confirm if the different is statistically significant.

Table 4. 40. *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

Test of homogeneity of variances by using Levene's test reveals that we 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 highest education levels achieved because the assumption of homoscedasticity is satisfied.

Table 4.41 summarises 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. 41. *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 4.42 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, we are still unsure whether these differences are significant given the variability of the data. ANOVA is then further carried out as a formal test to confirm if the different is statistically significant.

Table 4. 42. *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 reveals 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 is satisfied.

Table 4.43 summarises 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. 43. *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-Customer satisfaction by position

Table 4.42 presents the summary statistics for customer satisfaction by respondent's position in the organisation. The mean scores are not so much different between respondent's positions, ranging from 3.4 to 3.6. A significant different might be indicated from this but given the variability of the observed data we cannot be sure of it yet. ANOVA is then further carried out as a formal test to confirm if the different is statistically significant.

Table 4. 44. *Summary statistics for customer satisfaction by position in the organisation*

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

Test of homogeneity of variances by using Levene's test reveals 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 mean differences between respondent's position because assumption of homoscedasticity is satisfied.

Table 4.45 summarises the results of ANOVA. This shows that the means of customer satisfaction between positions within the organisation are not significantly different since the probability is greater than 0.05 (F (3,239) =0.974, p=0.406).

Table 4. 45. *Anova table to test mean differences by position in the organisation*

	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 4.46 shows the summary statistics for customer satisfaction by whether they have a contract with the 3PL provider or not. Satisfaction mean score is higher among respondents who made a contract with 3PL (M=3.617) than those who did not make a contract (M=3.500). However, we are not sure if the difference is significant given the variability of the data. ANOVA is then further carried out as a formal test to confirm if the different is statistically significant.

Table 4. 46. *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 reveals 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 contract or no contract because assumption of homoscedasticity is satisfied.

Table 4.47 summarises the results of ANOVA. This shows that the means of customer satisfaction between those who have a contract and those who do not are not significantly different since the probability is greater than 0.05 (F (1,240) =1.687, p=0.195).

Table 4. 47. *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 of findings

The study is aiming to examine the importance of independent variables on customer satisfaction. The independent variables include ordering procedures, personal contact quality, commitment, trust, reward power, and coercive power. The quantitative multiple regression analysis enabled an examination of the relationship between dependent and independent variables. This method was found appropriate for the data as the model assumptions such as no multicollinearity, regression residual followed normal distribution, homoscedasticity, linearity, and uncorrelated residuals were satisfied. Therefore, parametric regression is 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, personal contact quality, commitment, trust, and reward power have 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 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 show that demographic variables do not have significant impact on customer satisfaction.

The fifth chapter: Findings and conclusions

5.1- Conclusions

Studies, concerned with third party logistics, have inclined to concentrate on western societies but this study investigated 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.

Based on the fourth chapter which includes the data analysis, all hypotheses were supported and accepted.

The first hypothesis was supported. The regression coefficient of ordering procedure is found to be positive and significant in predicting customer satisfaction since the p-value is less than 0.05. The regression coefficient of ordering procedures is estimated equal to 0.172, showing that a one unit increase in the score of ordering procedures perception will lead to an increase of customer satisfaction by 0.172 when other variables are held constant.

This hypothesis pointed out that perception of ordering procedures will lead to increasing customer satisfaction. This finding goes along with the literature (Mentzer *et al.*, 2001; Jaafar 2006). So, a higher perception of ordering procedures will lead to higher customer satisfaction.

The second hypothesis was supported as well. The regression coefficient of personnel contact quality is found to be positive and significant in predicting customer satisfaction since the p-

value is less than 0.05. The regression coefficient of personnel contact quality is estimated equal to 0.104, showing that a one unit increase in the score of personnel contact quality perception will lead to an increase of customer satisfaction by 0.104 when other variables are held constant.

This hypothesis concludes that 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). Hence, a higher perception of personnel contact quality will lead to higher customer satisfaction.

The third hypothesis was accepted. The regression coefficient of coercive power is found to be negative and significant in predicting customer satisfaction since the p-value is 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 decrease 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). Therefore, the excessive use of coercive power by a 3PL provider towards 3PL clients will decrease customer satisfaction. This is because the third party logistics customers may bear extra costs and the punishment will decrease the partner's positive outcome (Anderson and Nanus, 1990).

The fourth hypothesis was supported. The regression coefficient of reward power exercised by the 3PL provider over the 3PL user is found to be positive and significant in predicting customer satisfaction since the p-value is 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 assures that the reward power exercised by the third party logistics provider over third party logistics customer will positively affect customer satisfaction and this finding agrees with the previous studies (Jonsson and Zineldin, 2003; Lee, 1999; Chang *et al.*, 20012). 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 3PL providers will lead to higher customer satisfaction.

The fifth hypothesis was supported. The regression coefficient of trust is found to be positive and significant in predicting customer satisfaction since the p-value is less than 0.05. The regression coefficient of trust is estimated equal to 0.422, showing that a one unit increase in the score of trust will lead to an increase of 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). This is because when a company trusts its partner, this makes the company feel safe and secure because the partner has honest intentions (Geyskens and Steenkamp, 2000). Thus, the customer satisfaction will increase (Andaleeb, 1996). Based on that, a higher level of trust will result in a higher level of customer satisfaction.

The last hypothesis was supported. The regression coefficient of commitment is found to be positive and significant in predicting customer satisfaction since the p-value is less than 0.05. The regression coefficient of commitment is estimated equal to 0.377, showing that a one unit increase in the level of commitment will lead to an increase of customer satisfaction by 0.377 when other variables are held constant. This confirms the fact that commitment leads to increasing customer satisfaction. This goes along with the previous studies (Rodiguez *et al.*,

2005; Gilaninia *et al.*, 2012; Akmar and Yorur, 2012). 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).

5.2-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. So, this study will assist the 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 into other 3PL providers. Hence, this 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 beverage, textile, medicine ….etcetera, The results showed that trust has the strongest impact on customer satisfaction in the third party logistics industry in Jordan. Subsequently, the third party logistics providers should foster and enhance this factor.

Commitment came 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 a member of a family, friend and similar to them. Andaleeb (1996) states that when the customer trusts providers, the customer feel secure and safe because the client widely believes that the providers' actions and deeds will lead to positive results for the customers and this will lead to increase customer satisfaction. Rodiguez *et al.,* (2006) mention that the committed parties are able to reach their collective and individual gaols. 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 increased customer satisfaction that preserves, fosters, ensures and motivates the dyadic relationship between suppliers and customers. Based on that, due to building customer satisfaction , this study suggests that companies should engage into a long.- term relationship. This can be achieved if the logistics providers develop and pay a big deal of attention to trust and commitment and the 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 that the importance of these factors in the distribution channels relationships and that both variables have a strong impact on customer satisfaction. The third party logistics providers should be honest, and trustworthy, and they should keep their promises and take actions and decisions in which the third party logistics customers feel safe. Also, the decisions made by the logistics providers should take the customers' success 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 provider 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

the inter-organisational relationships and this conclusion does not fit with the contract theory that encourages the actor to safeguard the relationships in order 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. In addition, 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 indicated that trust and commitment play a big role in building the customer satisfaction in the industry of third party logistics in Jordan. Trust is the most influential factor in customer satisfaction. So, the 3PL providers are required to adopt procedures or strategies that ensure that the services offered should exceed the customer's expectation. This means that the 3PL providers should invest in resources in order 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. By this way, the 3PL provider should be 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 illustrated 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 business 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 the companies to store and analyse 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 a product-centric approach is a transaction-oriented approach. The organisational 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 work on enhancing and supporting this dimension because this construct produces prosperous consequences such as reducing risks between the two parties and also avoiding the opportunistic behaviour. Natovich (2003)

states that trust is a very important factor in any relational exchange since it leads to mitigating the risks resulting from any relational exchange process. Hence, if there is trust between the 3PL provider and the 3PL customers, this means that the 3PL provider will not harm the 3PL customer. So, trust plays an important role in reducing the risk in business-to-business setting. The existence of trust means that the 3PL provider will do their best to keep and preserve the working relationship with the 3PL customers and the working relationship will be free of fear that may negatively affect the 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 these decisions will take the 3PL customer's interest into account. The managers of 3PL providers, who are willing to engage into a new relationship with the 3PL customers, should pay a big deal of attention to trust because the working relationship is still new, there are no prior experiences and the process of building trust needs a lot of time. So, the managers of 3PL providers should do their best to build trust with the 3PL customers. Also, trust prevents any partner from adopting opportunistic behaviour. This is that, regardless of the dependency between the stronger actor (3PL provider) and the weaker actor (3PL customer), trust is an effective dimension that prevents the 3PL provider from exploiting its position and behaving in an opportunistic way with the 3PL customer. Trust eliminates the notion of opportunism in the relational exchange. So, trust makes the 3PL provider behave in a way in which the 3PL customer is sure that the 3PL provider is behaving in a way that preserves the 3PL customer's interest. When the 3PL provider is trustworthy, this will keep the 3PL clients satisfied. The 3PL provider is aware of the fact that opportunism will make the 3PL clients dissatisfied. So, the 3PL provider avoids the opportunistic behaviour in order to keep the relational exchange with the 3PL customer in a long-term relationship. So, 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

customer. This will help to establish a long- term relationship between the two parties which will also be a profitable relationship.

The outsourcing relationship produces 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) which will negatively affect the service provider's business (Chou *et al.*, 2015). Based on the findings, the construct of commitment has the second strongest impact on customer satisfaction in the third party logistics industry in Jordan. So, 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. So, the 3PL provider must be focussed to keep 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 and doing their best to keep the 3PL customer willing to remain in the long-term relationship. Also, the 3PL customer has 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 the customer satisfaction between the 3PL provider and 3PL customers. 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 the friendly atmosphere. Scholars have found that non-coercive power supports the supplier-buyer relationship. Also, they found that non-coercive power has a negative relationship on 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. Subsequently, 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 Jordan's economy is suffering a devastating recession. This is because a lot of countries have cut financial assistance to Jordan due to political reasons and a new tax law which the government imposed that may affect the companies' profitability. Furthermore, the logistics manager should be aware of the fact that reaching mutual agreements with the 3PL customers 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 will enhance customer satisfaction. Also, it will reduce 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 agreement about the rules of this programme and avoid any misunderstanding.

Lastly, the results of this study illustrated 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, the 3PL provider should pay a big deal of attention to them. In the correlation analysis, personnel contact quality and ordering procedures came in the first and the second position 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 performance. Furthermore, the 3PL providers should be capable of designing simple and easy ordering procedures which require little time and effort and this will make the customers satisfied.

5.3-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. So, in order to overcome this hindrance in the future, the 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 the 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 were included. For the relationship marketing, trust and commitment were studied in this research because both of these are the constructs that are capable of examining the quality of relationship between the supplier (3PL provider) and the customer (3PL customer). Other dimensions should be included in the future research 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 focused on coercive power and reward power only. The

variable of non-coercive power such as referent power, legitimate power, expert power and information power should be included 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, the effect of coercive power and non-coercive power in the conflict between the 3PL customer and provider should be included. In addition, 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 studied only ordering procedures and personnel contact quality. Future studies should include the technical quality dimensions (order condition, timeliness, order accuracy and order quality) and they should include the functional quality dimensions (personnel contact quality, ordering procedures, information quality, discrepancy handling and order release quantity) to know the effect of them on customer satisfaction. Also, the price and the information technology (IT) should 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 in time. Thus, the qualitative approach can be adopted in the 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 was the sole approach that could be adopted to conduct the study.

Sixth: Appendices

6.1- Appendix 1: Reference List

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6.2-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 Procument ☐
   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 agree, 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	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	☐	☐	☐	☐	☐

6.3-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

6.4-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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6.5-Appendix 5: Reminder letter in Arabic

الرسالة التذكيرية

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

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وتفضلوا بقبول فائق الاحترام والتقدير