

## RELATIONSHIP RESEARCH IN FORMATTING SUPPLY CHAIN PARTNERSHIPS

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### Abstract

The key point in global logistics is the integration between different sides in supply chains. Integration is indispensable not only between supply chain partners but also between intermediary logistics operators in these relations, which directly leads to increased operational efficiency and competitiveness for supply chain participants. Production/distribution/trading companies that decide to outsource their logistical functions outside the organization often go beyond logistics outsourcing, linking logistics companies with their business strategies based on strategic logistical partnerships. Such an operation enables to compete effectively with competitors and opens the door to the needs of requiring customers. Understanding the aspects that drive the partners working in the logistics partnership is crucial for logistic operators to create a concept for managing these relationships. The article is aimed at trying to identify the relationship models between a logistic operator and an institutional client, and to identify the factors that shape those relationships.

**Keywords:** Supply chain, relationship model, logistics operator

### 1. SUPPLY CHAIN PARTNERSHIP

Recognizing the strategic buyer-supplier partnerships as a fundamental driver for the success of the Pacific Rim supply chain processes, the American and European firms have begun to emulate these supplier alliances [1]. Despite the important issues related to partnerships in the supply chain, there is no general agreement about how to define supply chain partnership [2]. According to Gardner and Cooper [3], traditional business-to-business relationships are transactional, and the relation in a partnership style extends over a long period of time, involves sharing of benefits and burdens, requires careful planning, includes detailed exchange of operational information, and enables operational control beyond the borders of your own company. Żebrucki [4] highlights the partnership's goal of added value creating and increasing competitive advantage by overcoming the constraints of individual organizations, and points out that a strategic approach emphasizes: value chain configuration and partnerships' relations, mission, dominant motives of partnership, partner's market and supply chain strategies, the selection of partners, potential partners, the complexity of processes. Zybell [5], in turn, discusses of specially designed business relationships based on mutual trust, openness, risk and benefit sharing that give a competitive advantage that reflects business performance greater than could be achieved by an individual enterprise. Thus, in this research, supply chain partnership is identified as a strategic alliance to achieve business advantage and exclusive goals by paying attention to critical success factors, such as organizational commitment, coordination, leadership, trust, communication, conflict resolution techniques, and resources. In terms of the development stages of SCP, researchers have used different terms [6]. Although many researchers agree that identifying strategic needs is the first stage, they have used names, such as creating awareness and commitment [7] and preparation [8]. Taking into consideration a literature standpoint, undoubtedly, it can be stated that depending on partner's goals or other factors, the partnership can be held for a short time or permanently. (**Figure 1**).

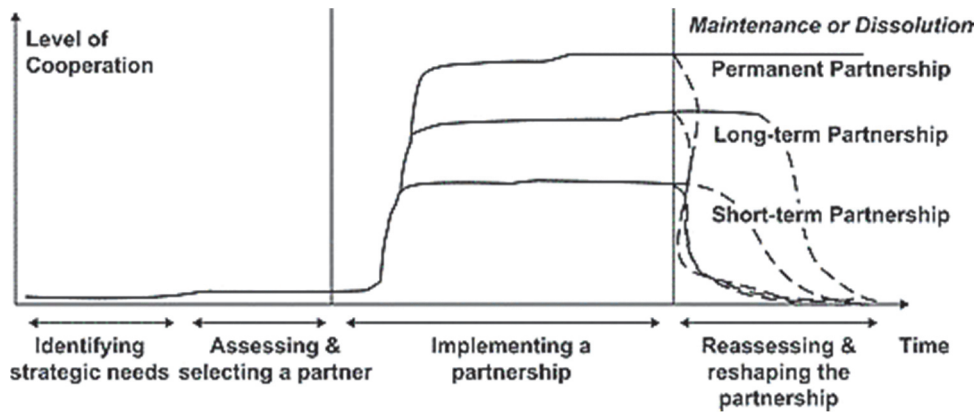


Figure 1 Lifecycle of supply chain partnership [6]

Another important factor influencing corporate partnership is culture and an organizational structure. Cultural differences, very often, at an early stage are not easy to characterize. It is important to remember that when two organizations meet within a partnership, each brings a clear cultural tradition and a set of operational assumptions. Mistakes in the definition of differences and the lack of flexibility to review existing culturally driven assumptions generate conflicts that can be counterproductive [9]. One of the most important elements of partnership is the culture of cooperation resulting directly from the organizational culture of co-operating companies. The concept of collaborative culture consists of numerous elements such as trust, commonality, exchange of information, as well as openness and communication (Figure 2), which Barratt distinguished [10].

## 2. BUSINESS PARTNERSHIP IN THE FIELD OF CONTRACT LOGISTICS

Contract logistics is understood as co-operation, which is the subject of the contract and focuses on transferring logistical functions to an external contractor. This contractor is usually a logistics operator, specialized in providing specific groups of logistics services [11]. The success in partnership in contract logistics requires adequate management.

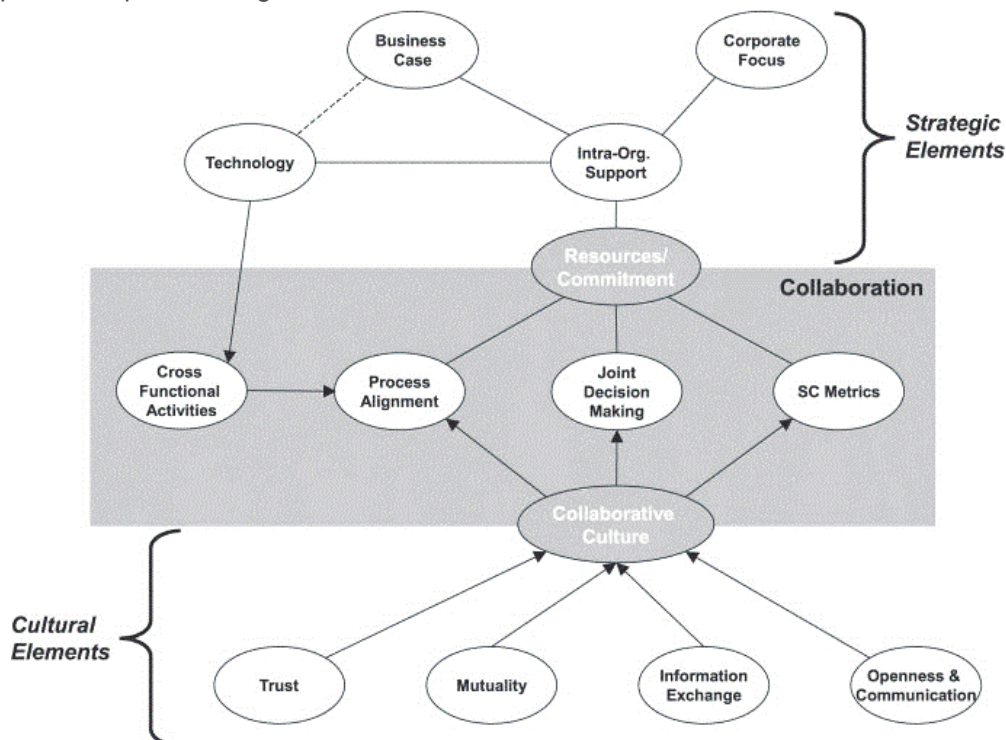
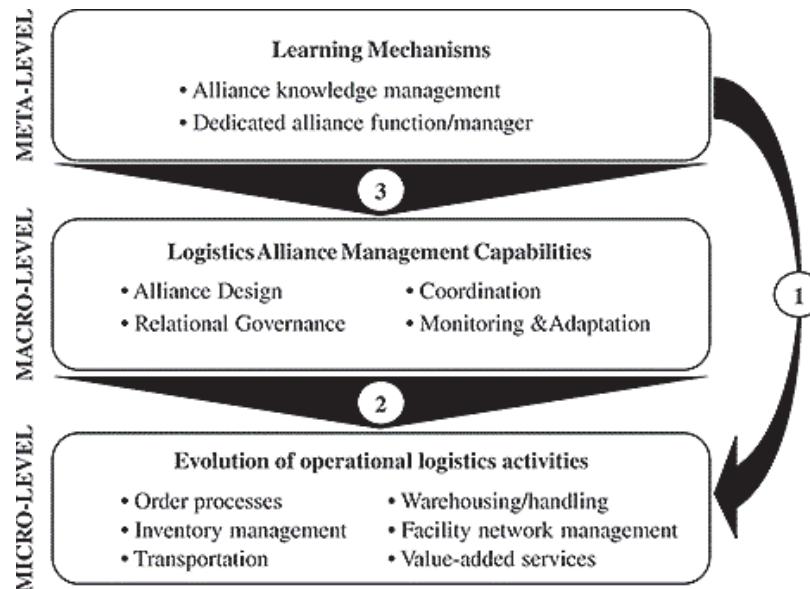


Figure 2 The „cultural“ elements of supply chain collaboration [10]

Brekalo et al. [12] indicate three layers of partnership management: (1) operational logistical activities (micro level), focusing on the realization of contracted logistical processes; (2) contract management procedures (macro level) ensuring efficient alliance management and therefore process efficiency; (3) learning mechanisms (meta level) aiming at uninterrupted improvement in management procedures.



**Figure 3** Logistics alliance management capabilities model [12]

Within the framework of a contract logistics project there may be numerous links between different entities, where in each case a separate form of a contract may exist. Collaboration within a longer, several-year contract involves reducing business risk for both parties. The trader is provided constant service throughout the duration of a contract. A logistic operator can be sure that expenditures will be paid back. Since it is not possible to predict how the market will change, including the demand for the products concerned, to avoid price risk, it is worth for the entrepreneur to ensure that the contract contains adequate notations.

### 3. RELATIONSHIP RESEARCH IN THE FIELD OF CONTRACT LOGISTICS

The analysis of partnerships in supply chains was based on surveys of a selected logistics operator within the scope of conducted contract logistics services with its clients in the following sectors:

- Automotive,
- FMCG (Food and Non-Food).
- Chemical,
- New technologies,
- Trade (network, e-commerce etc.).

The study was conducted in October 2016 on a sample of 122 companies. The research survey was directed to managers, process managers and logisticians. The survey questionnaire consisted of 12 questions and was divided into 3 parts: the study of cooperation motives, the intensity of relations between partners, the advancement of IT tools implementation, information exchange; evaluation of logistics partnership and metrics. In addition, due to the exploratory nature of the conducted research, the reliability of the survey questionnaire was evaluated, based on the Cronbach Alpha coefficient, which indicates whether the respondents' replies to each question are similar, i.e. whether the aggregate scale is "true", and not random. Because all Cronbach Alpha values were above the threshold of 0.7, there was a strong similarity between respondents, i.e.

respondents similarly interpreted the replies. The conducted survey indicated that the leading motive for establishing a partnership relation is:

- costs reduction and profits increase - 72.62%;
- the opportunity to acquire new markets - 64.29%;
- the improvement of customer service level - 61.90%.

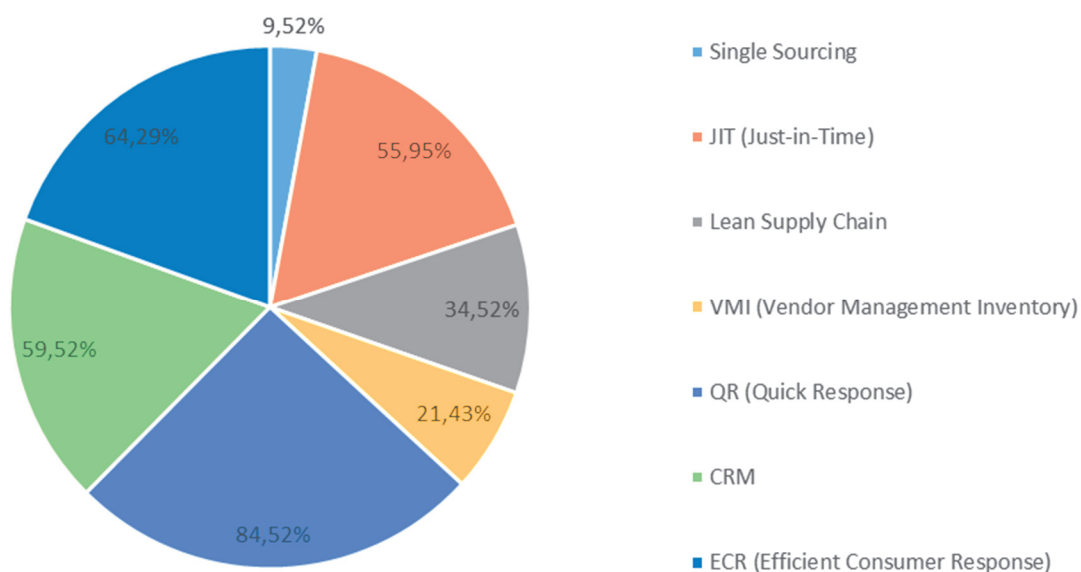
Another important factor is the opportunity to enter new industries and sectors, which was indicated by more than a half of respondents - 59.52%. Analysing all research results in different industries, one can see that each of them has different priorities in relation to the motives for establishing partnerships, as shown in **Table 1**.

**Table 1** Motives for establishing partnerships by sectors

Branch	Dominant factor	%
Automotive	costs reduction and profits increase	93.75%
	improvement of customer service level	87.50%
New technologies	increase in an activity scale	82.35%
	access to new technologies and new knowledge	64.71%
FMCG	costs reduction and profits increase	100.00%
	improvement of customer service level	71.43%
Chemical	opportunity to acquire new markets	100.00%
	costs reduction and profits increase	100.00%
Trade	improvement of customer service level	100.00%
	increase in the activity scale	80.00%

Source: own preparation

Forming partnership relations is strongly connected with logistics strategies implemented by companies. These include Just-in-Time, single sourcing, lean supply chain, rapid response strategy, CRM, effective customer service, and supplier inventory management. The most commonly used method by the surveyed companies was the Quick Response strategy - 84.52% (**Figure 4**). Many companies, including automotive, chemistry and trade pointed to a Just-in-Time strategy (66.67%).



**Figure 4** Logistical strategies realised by analysed companies [own preparation]

#### 4. CONCLUSION

Due to the increasing expectations of customers in the area of logistical services level, the cooperation of enterprises aimed at creating competitive advantage through appropriate relations between partners, including logistics companies, is becoming an important aspect. The literature concerning logistical partnership management identifies determinants to be considered in the design process of a successful logistical partnership. All literature positions have a common denominator, which is a set of factors that have a decisive influence on the logistics partnership, including: trust, information exchange, engagement, cooperation, profits and risks distribution, and the aspect of interpersonal communication. The conducted survey made it possible to identify the leading forms of logistics partnership used by corporate clients. Further authors' research will be focused on evaluating logistical partnership with cooperating entities and developing the model of such cooperation.

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