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Logistics Service Accountabilities and Their Effects on Service Buyer's Trust

Ramazan KAYNAK^a, Salih Börteçine AVCI^{b,*}

^aAssociate Professor, Gebze Institute of Technology, Kocaeli 41400, Turkey

^bPh.D., Atatürk University, Erzurum 25000, Turkey

Abstract

This research aims to endeavour to bridge a gap in literature by examining accountability dimensions (logistics, financial, marketing, contractual, environmental) in third party logistics (3PL) service providers and the impact of such issues on buyer trust has been attempted to analyse. Towards this objective via the survey method 202 numbers of data have been collected from Turkey's food manufacturing companies. Data were collated and processed through analysis of variance and structural equation model to test the research hypotheses. The results show that logistics accountability, financial accountability and marketing accountability have positive effects on trust. The findings of the current study suggest that so long as 3PL service providers make their systems further accountable, they shall become more reliable.

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1. Introduction

Trust plays a major role in improving the relations between providers and buyers in Third Party Logistics (3PL) industry. Johnston et al. (2004) have detected that a high level of trust has an accelerating impact in the cooperative behaviors between partnership based on logistics outsourcing. Bowersox (1990) has similarly underlined that in a logistics outsourcing, a high level of trust between partners is required and argued that lack of trust between companies may potentially negatively affect success.

There are a good number of factors such as credibility, predictability, confidence, faith, reliability, benevolence etc. that play role in trust. However, the lack of studies manifesting the effects of accountability on

* Corresponding author. Tel.: +0-000-000-0000 ; fax: +0-000-000-0000 .

E-mail address: avci@atauni.edu.tr

trust in the relations between Business-to-Business and buyer-3PL service providers in particular proves the necessity to explore the issue in this study.

Third party logistics company managers look for ways to increase the reliability of their companies in their relations with buyers. They search for ways to implement applications such as quality management practices, lean logistics, and relevant logistics responsibilities into their own companies to the ends of enhancing their organizations. However, the research studies have proved that these methods fall short in terms of moving an organization from a good place to the best possible place. Behavior centered research studies have manifested that progress that is achieved without first setting an accountable structure would fall short in ensuring continuity (Fache, 2008).

Accountability is defined as bearing the responsibility directed to reaching a performance within the framework of the agreed objectives and responsibility for providing its explanation (Aktan et al. 2004). Accountability is a process that re-analyses responsibility as the willingness to take all judgments while operating the boundaries of its own responsibility domain (Rasche & Esser, 2006). Hyndman and McGeough (2008) argue that lack of accountability may potentially drive an organization to ineffectiveness and illegitimate actions. Accountability plays a vital role also in detecting service-focused behavior (Williams and Sanchez, 1998).

The purpose of current study is to analyse the 3PL service provider's accountability within the scope of five dimensions (logistics, financial, marketing, contractual and environmental). This study also identify the relationship between accountability and trust in 3PL industry. The study is composed of three parts. In the first part, the literature on accountability and trust are reviewed and the theoretical framework of the study is drawn. In the second part, the information regarding the survey conducted is presented. The survey aims to reveal the effects between accountability dimensions and trust. The last part includes the results of analysis, discussion and suggestions for further research.

2. Literature Review And Hypotheses

2.1. Accountability

Accountability is a widely employed term in organizational, political and social domains and has turned into a significant concept for systems operating in relation to the external environment (Frink & Ferris, 1998). Accountability is –in addition to being a multi-dimensional concept- a complex concept that is operationally performed via relations between individuals and organizations (Kluvers & Tippett, 2010). General speaking, accountability is questioning on the basis of a pre-set standard the activities or results of an organization, and within an established framework of responsibility it is aimed at ensuring the continuity of activities (Andrea, 2010). The accountability concept can also be defined as, “a responsibility shouldered by a management that calculates its selections, decisions and activities” (Hannah et al. 2005). A different definition states that accountability is responsibility assigned to others and is an assuming responsibility by a person or company (Christen & Ebrahim, 2006).

The main essence of accountability is being answerable; accountability involves the liability to give answers to the questions related to the activity and/or decisions (Brinkerhoff, 2004). Due to that reason, accountability is the process involving the state of preparation to fulfill the expectations of parties.

According to the literature, accountability possesses several types, some of which are personal, professional, political, financial, managerial, moral, legal, and contractual etc. (Maile, 2002). In the light of this view, logistics, finance, marketing, contractual and environmental dimensions – which all play a role in the buyer-provider relations in the 3PL industry- has been selected to investigate.

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