



Factors determining the relationship between principal and service provider for a lasting and effective relationship

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Abstract : Making Morocco an essential logistics platform in the Mediterranean basin is the logistics ambition displayed by the Kingdom and which it seeks to achieve. Hence the importance of public investments in this area, justifying the multiple efforts made to catch up with the delay accumulated for years in terms of logistics. In the Moroccan context, logistics management is often reduced to the in-depth study of a set of techniques neglecting the players and the interactions that drive and challenge them. This reality calls for a renewal of research on distribution channels, particularly keen on recognizing all the inter-organizational relationships created by all the partners involved in the physical distribution of products, in this case in particular logistics service providers (LSP) and their ordering clients, in order to have and maintain a lasting and privileged relationship.

From this point of view, suggesting potential productivity gains and better cost control in a context of uncertain and changing risk, the relevance of the delegation of logistics services to external organizations unquestionably leads to a crucial field of analysis for the manager. The study of this relevance is at the center of this research work. Our approach is to look at the coordination mechanisms to manage and regulate the exchange relationship in the most efficient way between logistics service providers and their customers. This concern, which constitutes the focus of our managerial problem, amounts to analyzing the factors of success and effectiveness of the LSP-Customer relationship, once the decision to delegate has been made.

Keywords : Agency relationship. Transaction. Performance. Logistics service providers. Power. Conflicts. Opportunism.

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1. INTRODUCTION

Currently in Morocco, the development of the logistics sector is a strategic priority for strengthening the dynamism and competitiveness of the national economy.

Logistics has become a nerve center of the economy and an essential element for conquering markets and for regional planning. The efforts made by both the public authorities and the private operators (the 2008-2012 government program, the 2010-2015 and 2016-2020 logistics program contracts, etc.) make the consolidation of real logistics competitiveness of the national economy one of the main means to achieve a dual objective:

- Improving the competitiveness of Morocco's trade both internally and externally;
- The consecration of Morocco as a destination of choice for creative investments of employment and added value.

Logistics therefore appears to be the new strategic priority to complete the process of strengthening the competitiveness of the national economy through the control that it allows both physical flows (of materials and products) and information. In a context of risk for both the producer and the distributor, the effectiveness of the delegation of the logistics service to specialized external organizations, indisputably leads to a crucial field of analysis for the manager (Naoui, 2009; Naoui et al., 2019). The study of this effectiveness is at the heart of this research work, especially since the interpretation of the actors' practices is fundamental (Fulconis et al., 2023). The objective is therefore to maintain over time the significant efforts already made to the attention of the logistics sector, and to start strategic projects to improve its competitiveness on all modes and all flows, in starting with those who have the most impact on the country's economy while positively engaging private operators in this new era.

2. RESEARCH PROBLEM

In Morocco, the scope of logistics management often tends to be particularly interested in the treatment and study of certain techniques that are related to modes of transport (transport, inventory management, product handling, etc.), and this by ignoring the fundamental role of the actors as well as the interactions that drive the behavior of the latter (Abdullah et al., 2014; Abbad et al., 2010; Paché et al., 2012). On the other hand, the inter-organizational relationships that link manufacturers and distributors nevertheless take on logistical dimensions, the strategic issues of which can be addressed using a certain number of models.

The distribution channel is a place of interactions, both rich and varied, between producers, manufacturers, various service providers and customers, where all of these players participate. This reality calls for a renewal of research on distribution channels, particularly keen to recognize all the relationships created by all the partners involved in the physical distribution of products.

In view of this and following the potential gains in productivity and better cost control in an environment qualified as hypercompetitive, uncertain and above all constantly changing, the question of the outsourcing (or not) of distribution physics of products to external service providers generally provokes a lively theoretical debate. In such a context of risk for the producer and the distributor, the relevance of the delegation of the logistics service to specialized external organizations in order to allow antagonistic parties to establish a privileged win-win relationship, indisputably leads to a fairly crucial field of analysis for the manager. The study of this relevance is particularly at the heart of this research work, The problem is presented as follows:

By focusing on the coordination mechanisms making it possible to manage the exchange relationship in the most efficient way possible between the principal and the service provider, what are the main determinants of this relationship to be effective?

Our problem consists in developing a framework allowing to understand the reality of the relationship between an ordering client and his service provider, the principal-agent model intuitively offers potential avenues of analysis.

The questions that are at the heart of our research can be presented as follows:

- Does outsourcing activities related to physical distribution present itself as an effective organizational response?
- Are the increasing complexity and technicality of logistics operations and procedures catalysts for the relationship?
- What are the most appropriate control, surveillance, incentive and communication systems in a highly competitive context, where information is often hidden and costly?

3. THEORETICAL BASIS OF AGENCY THEORY

Often associated with the notions of adverse selection and moral hazard, the poor observability suffered by those who outsource the provision of services remains a major managerial constraint. Also, the behavioral variables explaining cooperation (trust, commitment, involvement, dependence, ethics, etc.) take on critical importance, insofar as they reduce this uncertainty and this risk. They undoubtedly contribute to the viability and sustainability of the exchange relationship between the partners.

Our problem ultimately consists in developing an exploratory analysis framework, which allows us to understand the reality of the relationship between a client and his service provider, both from an economic and relational perspective. In this perspective, the principal-agent model, originally designed to represent the functioning of the relationship between managers and the shareholders of large companies, intuitively offers potential avenues of analysis. The conditions for its transposition constitute the essence of our theoretical approach. The agency theory, which is almost untapped for the analysis of distribution channels, therefore requires new interpretations. Complementary contributions are therefore essential to be able to take into account the complexity of the interactions between the efforts of the producer or distributor client (to cooperate, control, monitor, or even manage their dependence) and those of the provider (to communicate, but also to avoid obligations).

4. RESEARCH HYPOTHESES

Our assumptions concern the links between the control efforts of the ordering client (contractual constraints and monitoring of the service provider), the communication of the logistics service provider and the effectiveness of the agency relationship.

Bearing on the positive and normative bases of the agency relationship, these hypotheses, qualified as generic, aim to validate the fundamental mechanisms on which the positive-normative analysis of the principal-agent relationship is based. They tend to advance existing theories of marketing, in particular by unifying the agency perspective. Assumptions of a generic nature tend in particular to better understand the opportunities and limits of formalizing obligations and communication between the parties (customers and service providers), all in a logic of efficiency. Our hypotheses are summarized as follows:

- The dimension of contractual constraints is linked to the communication efforts of the logistics service provider;
- The effectiveness of the agency relationship is strong when the client's control system is developed;
- The agency relationship will be more effective if the service provider deploys more communication efforts;
- The most effective agency relationships are embodied in formalized, written agreements.

5. RESEARCH METHODOLOGY

The reasoning method we used is the hypothetico-deductive methodology, qualified by Huberman and Miles (Huberman et al., 1991) as a pragmatic hypothetico-abductive methodology. It is an approach which « consists in alternating or superimposing deduction and abduction », according to Mbengue and al. (Mbengue, 2003). By using the positivist perspective, we have opted for the arranged positivism and we have enrolled in a process which wants to be deductive pursuing a scientific reasoning of an hypothetico-deductive nature. According to Giordano [Giordano, 1997; 2003], the most widely used and classic data collection tools in a hypothetico-deductive approach are the quantitative approach and the questionnaire survey.

To achieve the objectives allocated to this research, it is necessary, following the chosen epistemological positioning, to adopt an hypothetico-deductive methodology by carrying out both approaches: qualitative and quantitative.

Thus, before proceeding with the quantitative empirical study of our research question based on 75 providers studied, we carried out an exploratory qualitative study among actors in the sector of the provision of logistics services in Morocco, in order to draw from it, following semi-interviews. guidelines, information related to our knowledge project: the problem and the lines of research.

The interviews were carried out through an interview guide previously established on the basis of direct contacts with interested stakeholders. Thus, by classifying operators in distribution logistics, according to their main activities and also the added value generated (Fulconis et al., 2011), we made the distinction between:

- Basic or first level logistics providers: 1PL (First-Party Logistics provider). Their services are focused on operations, be they physical (loading, transport, handling, storage) or administrative (import-export operations).
- 2PL or « Second Party Logistics » are logistics providers offering solutions for the outsourcing of flow routing operations, particularly transport and warehousing operations.
- The 3PL provider (Third-Party Logistics provider): It takes care of a more or less substantial part of the logistics of its customers. Although often a 3PL is particularly dedicated to warehouse and transport management (and all associated and related services), its intervention is quite broad and can range from the management of basic functions (pick and pack, warehouse, distribution, etc.) the control of the customer's logistics function with the performance of operations with high added value (traceability, packaging, cross-docking, etc.). A 3PL is therefore a company that carries out logistics operations and the implementation of the necessary tools, skills and systems, with the objective of improving performance.
- 4PL (Fourth Party Logistics) service providers, which are « non-asset companies », aim to coordinate the various players involved along the logistics chain (Fabbe-Costes et al., 2008; Paché, 2002). Using new information and Internet technologies according (Paché et al., 2014; 2016), they offer re-intermediation of logistics value chains by taking charge of managing them on behalf of a shipper (Duong et al., 2016; Colin et al., 2016).
- 5PL (Fifth Party Logistics) service providers: a 5PL designs and produces logistics solutions (especially programs for information systems) and puts 3PLs to work. The role of 5PL is to provide automated and intelligent systems capable of improving the performance of the supply chain.

6. RESULTS AND DISCUSSION

Taking into account our study, we were able to observe the following results :

In Morocco, the logistics service industry is a sector of activity undergoing profound change. Confronted with markets that go far beyond national borders, with an increasing number of products having shorter and shorter life cycles, physical distribution service providers are inexorably moving towards a new « profession », that of differentiated flow manager.

The strength of this research lies in its contributions which are, ultimately, of three types:

- First, the identification of the characteristics of actors in the research field: operators providing logistics distribution services. The classifications identified suggest in particular the existence of significant differences between operators linked to their customers by dedicated (or exclusive) contracts and operators sharing their capacities between several customers.
- Second, the process of exploring the sector has confirmed the challenges inherent in information technologies and forms of vertical and horizontal cooperation.
- Third, we have shown that the tools and techniques used to monitor the performance of the process play an essential role in the continuation and improvement of relations between the logistics provider and the management of the relationship with his client.

Following the presentation of the different concepts involved in the principal-agent analysis, an exploratory research model could be formalized and adapted to the relationship between the logistics provider and his client. The hypotheses that support it are of three kinds: generic, contingent and contextual. Through the complementarity of the variables they use, these hypotheses offer an interactive reading of the exchange, where the economic and behavioral issues are inseparable. In addition, the distinction between pre-contractual and post-contractual variables introduces the foundations of a dynamic analysis of the exchanges and contracts entered into by the partners involved in the physical distribution of products.

The validation of the structure of our principal-agent model gives results, which beyond their theoretical and managerial contributions, have two inevitable consequences :

- 1st consequence: the extended model from the perspective of the agency can perfectly analyze an exchange relationship generated by the delegation of the logistics service to an external specialist, since in this particular type of relationship, the uncertainty and the risks are sufficiently strong and influential that planning efforts and communication policies are central to the analysis.
- 2nd consequence: in the context of inter-organizational transactions, the principal-agent model cannot in fact do without behavioral variables, such as dependence or mobilization of partners. These variables significantly influence the nature of the partners monitoring and communication efforts.

The results found testify to the fact that the nature of the relationship between the customer and the logistics service provider varies depending on whether the service provider is a LPNM (Logistics Service Provider for the National Market) or a LPIM (Logistics Service Provider for the International Market). The International Market) and that it is undoubtedly influenced more particularly by the risk facing the service provider. Indeed, our tests of generic, contingent and contextual hypotheses follow an hypothetico-deductive research process in which conceptual and bibliographic analysis has played a significant role. Furthermore, the often-exploratory operationalization of the various variables inspired by the theories feeding the agency perspective has provided a measurement tool that now needs to be improved and made more reliable.

7. CONCLUSION

Managing the relationship between the client and the service provider is becoming more and more complicated, especially since it is necessary to think about transformation to make supply chains more sustainable by articulating multiple levels (Fabbe-Costes et al., 2022). This is due, among other things, to perpetual and accelerated changes in environments but also to the increase in the number of providers on the markets.

On the one hand, to understand the LSP-Principal relationships, our research proposes an alternative to the evaluation of performance by spending and agency costs by showing that the agency relationship between two partners can be considered as the result of a system efforts made by each of the players. On the other hand, the client therefore actively contributes to the quality of the relationship. In this sense, two main contributions can be noted:

- The interdependence of the players must indisputably lead to shared communication efforts. In the case of the delegation of physical distribution activities, this interactionist vision of communication contributes to building relationships and co-piloting the action.
- Partnership relations do not necessarily translate into stability or any income. On the contrary, they seem to require particularly developed coping skills.

In the end, the management of this relationship therefore requires constant rethinking, especially in light of the new directions drawn up, particularly in relation to sustainability and digitalization, which represent increasingly serious challenges.

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