The role of personal relationships between buyers and suppliers of third-party logistics services: A South African perspective

Orientation: Personal relationships within the context of supply chain management is one of the least understood and researched areas in this field.

Research purpose: The purpose of this qualitative study was to investigate the complexities relating to the interaction between buyers and suppliers of logistics services when personal relationships are involved.

Research design, approach and method: A descriptive qualitative research strategy was used. Semi-structured interviews were conducted with 10 suppliers and 8 buyers of logistic services within the South African third-party logistics industry.

Main findings: The main findings indicate several benefits related to building personal relationships with a buyer or supplier of logistics services. These benefits include enhanced personal and business understanding, enhanced communication, enhanced trust, increased business volume, ease of doing business, enhanced problem-solving abilities, ease of conflict resolution and risk mitigation. Subsequently, aspects affecting the nature of the personal relationship were also identified. These include gender, relationship asymmetry, and the ability to adapt to different personalities.

Practical implications: A long-term commitment towards a buyer or supplier was identified as essential in order to reap the associated benefits of forming personal relationships.

Contribution: The main theoretical contribution of this study can be argued as empirically testing an existing personal relationship framework, confirming the transferability of the framework. Testing the framework in a different context yielded four additional benefits of personal relationships, four supplementary factors influencing the interaction between buyers and suppliers and an additional aspect influencing the nature of personal relationships, thus expanding the body of knowledge of this topic.

Introduction

The management of personal relationships within the context of supply chain management is arguably the most fragile aspect to be considered, yet it is the area that is least understood by practitioners and academics alike (Bromberger & Hoover 2003:66; Christopher 2010:3). The buyer–supplier relationships that facilitate firm-to-firm interaction has featured in several fields including marketing (Celuch, Bantham & Kasouf 2006:575), strategic management (Ring & van de Ven 1994:90) and logistics (Gligor & Holcomb 2013:329). In this study, the framework conceptualised by Gligor and Holcomb (2013:329) was replicated within the South African third-party logistics (3PL) service industry in order to investigate the complexities relating to the interaction between buyers and suppliers of logistics services when personal relationships are involved.

Most of the research on buyer–supplier relationships has focused on business relationships between the individuals and their firms’ supply chains on a macro level (Autry & Griffin 2008:157; Golicic & Mentzer 2006:82). Leuschner, Carter, Goldsby and Rodgers (2014:25) found that 3PL service relationships that were rooted in strong interpersonal relationships were a source of competitive advantage for the firms involved because of the difficulty of imitating such relationships. The problem is that most relationship management models have a broad focus with the unit of analysis being the firm as a whole and not the interpersonal bond that is present between the managers of firms (Adobor 2006:75; Gligor & Holcomb 2013:329). Marasco (2008:128) as well as Gligor and Autry (2012:25) specified that there is a lack of research in the study of the intricacies and dynamics of personal relationships within a supply chain and
logistics context. According to the Council for Scientific and Industrial Research’s 10th Annual State of Logistics Survey for South Africa (2013:35), 3PL in South Africa has over the last decade enabled many firms to integrate their supply chain, improve efficiencies and enhance visibility; however, much can still be achieved by working closer with the logistics service provider. The importance of addressing the gap in the literature can be identified from Gedeon, Fearne and Poole (2009:221), whose research suggests that when a supplier fails to use personal relationships in delivering commercial benefits, it can leave the supplier vulnerable, resulting in lost business. From a buyer’s perspective, they face supply risk, costs involved in finding new suppliers and difficulty in planning because of the lack of communication and information sharing.

Investigating the role of personal relationships in business is not new. Several studies have focused on the effect that personal relationships can have in a variety of fields, including marketing (Mende, Bolton & Bitner 2013:127), entrepreneurship (Pinho & de Sá 2014:291) and strategic management (Hutt, Stafford, Walker & Reingen 2000:55). Personal relationships within a supply chain or, more specifically, a logistics context only more recently received attention from researchers. Gligor and Autry (2012:26) were the first to address the role of personal relationships and their effect on supply chain communication, in which they identified four broad categories where mutual benefit is likely when a personal relationship exists. Gligor and Holcomb (2013:336) built on the study by Gligor and Autry (2012:26) by shifting the focus to a logistics perspective in which they identify specific actions and benefits involved when a personal relationship is present within a buyer–supplier relationship. Both these studies call for the need to test the generalisability of their findings within a different cultural context as both studies were conducted in the United States.

By investigating the ways in which buyers and suppliers interact when a personal relationship is present, a deeper understanding of the benefits associated with these close relationships can be gained from both an individual and business-level perspective. It is well known within the academic literature that general business decisions cannot be understood if the ongoing personal relationships between the individuals making these decisions are not fully understood (Celuch et al. 2006:574; Grayson 2007:125; Wilson 1999:15). This study expanded on the current supply chain buyer–supplier relationship literature by accounting for these personal relationships and the effects they have on firm-level outcomes. In addition, this study contributed to the body of knowledge by empirically testing the framework by Gligor and Holcomb (2013:346), which was developed in the United States, in a different cultural context.

Organisations have begun to rationalise suppliers in order to decrease costs and reduce complexity allowing these firms to more effectively manage only a few critical suppliers (Cousins 2002:73; Fawcett, Magnan & McCarter 2008:37; Tan, Lyman & Wisner 2002:616). The aforementioned research shows the importance of managing close relationships and possibly fostering personal relationships with the suppliers and buyers in order to reap the related benefits thereof. The managerial implications of this study include highlighting the importance of a personal relationship as more than just courteous formalities but rather an opportunity to have an impact on several aspects of the business relationship. Managers can use this information to understand what aspects influence the nature of personal relationships in order to create the most ideal environment for personal relationships to form. Managers can furthermore encourage the formation of personal relationships rather than restrict them, by understanding that governance and individual integrity ensures that transactions remain ethical. Knowing how to manage close relationships can be beneficial to logistics as well as account managers and may result in an open and honest buyer–supplier relationship.

The study was guided by the following research questions:

- What are the benefits of personal relationships for buyers and suppliers in the South African 3PL industry?
- How do buyers and suppliers of logistics services interact when a personal relationship is present within South Africa’s 3PL service industry?
- Are there additional aspects that need to be considered within the South African 3PL service industry when personal relationships exist?

**Literature review**

Personal relationships have been a subject of research for many years. The well-known Greek philosopher Aristotle was among the first to investigate this complex topic (Cooper 1997:622). The investigation of personal relationships involves various fields including psychology (Kelley 2013:1), sociology (Cahn 2013:3) and anthropology (Banton 2013:10). According to Cooper (1997:621), a personal relationship is defined as any relationship that occurs as a result of mutual liking of individuals. Berscheid and Peplau (1983:28) define a relationship as a concept that exists between two people. In order for the relationship to subsist, events that occur between these individuals must have a relative impact on the individuals, thus creating interdependence between them (Berscheid & Peplau 1983:30).

**Personal relationships within a business context**

Economic sociologists have long indicated the important role of personal relationships in economic transactions (Granovetter 1973:1378). According to Adobor (2006:75), a personal relationship can be defined as the interpersonal bond that is present between the managers of firms. In contrast, a formal business relationship is based on strict formal business exchanges. The individuals involved in formal business relationships rarely make an effort to gain
insight into the individual they are dealing with (Gligor & Holcomb 2013:330). Ring and Van de Ven (1994:55) as well as Halinen and Salmi (2001:4) found that in most cases a personal relationship can develop over time as a result of several business exchanges. The individuals act according to their formal roles at the start of new business relationships, but as the exchanges increase and trust is formed, these formal roles give way to more personal and social interactions between business partners (Halinen & Salmi 2001:6). Other research suggests the opposite: there cannot be a business relationship without an existing social bond or some form of interpersonal link (Hutchings & Michailova 2004:84; Javalgi, Benoy & Gombski 1995:48). The key factor that will determine whether there must be a social bond first before business transactions can take place is culture. Hutchings and Michailova (2004:85) studied the relationships between Chinese and Russian subsidiaries, while Halinen and Salmi (2001:2) did their research in Finland. Lee, Pae and Wong (2001:51) cite the importance of creating personal relationships for firm success in China. These close personalised business relationships are called guanxi and can mean the difference between success and failure for multinational firms doing business in China, considering that there are few if any sound business laws and strong governmental control over resources.

Regardless of the pre-existence of a personal relationship, a distinction must be made between personal and business relationships. According to the literature, there are six main characteristics that differentiate personal and business relationships. Firstly, business relationships are more instrumental. The individuals are expected to perform certain tasks as dictated by their role in the firm, while personal relationships involve more emotions and are deep-seated in nature (Fournier, Dobscha & Mick 1998:45; Grayson 2007:122). Secondly, business relationships rest on the obligation of parties to perform certain tasks, while personal relationships are based on free-willed acts (Allan 1989:20; Lee et al. 2001:54). Thirdly, personal relationships are far more informal than business relationships (Price & Arnould 1999:52; Schoonjans, Van Cauwenberge & Vander Bauwde 2013:169). Fourthly, reciprocity plays an important part in business relationships, where personal relationships have a more communal orientation; thus, the individuals will give something without the expectation of receiving something in return (Lee et al. 2001:55). Fifthly, in a strictly business relationship, connections between individuals are considered at an arm’s length, while personal relationships promote the development of more intimate connections (Fowler, Laurence & Morse 2004:59). Finally, the concept of substitutability can be applied within a business relationship without any disruptions, but personal relationships cannot be replaced as easily (Silver 1990:1476). In this study, the statement by Gligor and Holcomb (2013:330) that personal relationships can be distinguished from business relationships based on the differences in Table 1 is accepted.

<table>
<thead>
<tr>
<th>TABLE 1: Differences between personal and business relationships.</th>
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<tbody>
<tr>
<td><strong>Personal Relationship</strong></td>
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<tr>
<td>Expressive</td>
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<tr>
<td>Free-willed actions</td>
</tr>
<tr>
<td>Informal</td>
</tr>
<tr>
<td>Communal orientation</td>
</tr>
<tr>
<td>Intimate connections</td>
</tr>
<tr>
<td>Individuals are not substitutable</td>
</tr>
</tbody>
</table>

Source: Adapted from Gligor and Holcomb (2013:332).

**Third-party logistics Service providers**

**Third-party logistics service provider definition**

Christopher (2010:223) defines a 3PL as a company that assumes the responsibility for several of the logistics functions of a business. This may include warehousing, transportation and value-adding services such as bulk breaking. Other authors have a more specific definition of the term and include elements such as short- or long-term relationships, efficiency and effectiveness focus, customised services, strategic dimensions and joint efforts (Bask 2001:474; Skjoett-Larsen 2000:113). The Council of Supply Chain Management Professionals (CSCMP 2013:117) classify a 3PL as a logistics service provider. The CSCMP defines logistics services as the management of a firm’s fleet, inbound and outbound transportation, warehousing, materials handling, order fulfilment, logistics network design, supply/demand planning and inventory management to name a few. Christopher’s (2010:223) broader definition of 3PL service providers served as the operational definition for this study as personal relationships between buyers and suppliers of 3PL services span across various logistic services to varying degrees.

**General research on third-party logistics service providers**

There is a myriad of research on 3PL service providers, ranging from studies done on the external and internal context that influences the development of relationships in 3PL (Bask 2001:475); the structure of the agreement including the role of cooperation (Knemeyer & Murphy 2005:710); the process of relationship development (Kumar, Vrat & Shankar 2006:704), selecting a service provider (Jharkaria, Sanjay & Shankar 2007:275); the effects of relationship orientation (Panayides & So 2005:182); innovation, proactive improvement and customer loyalty for the 3PL (Wallenburg 2009:79); adjusting and implementing the balanced scorecard to manage the 3PL relationship (Rajesh, Pugazhendhi, Ganesh, Ducq & Koh 2012:273); and the positive outcomes when a 3PL service provider is able to build and sustain a cooperative relationship with the buyer (Rabinovich & Knemeyer 2006:86). What is lacking in most of these studies is a focus on the individual. Most studies explain relationships in terms of close, cooperative business relationships but neglect to account for personal relationships between the management of the buyers and suppliers of the logistics services (Gligor & Autry 2012:25; Marasco 2008:132).
Buyer–supplier communication in the context of third-party logistics service providers

Gligor and Autry (2012:38) found that the existence of a personal relationship between managers in the buyer–supplier relationships had a significant impact on the work-related communication that would take place between these individuals. The communication process is enhanced within four major themes.

Firstly, the message conveyance shows increased frequency of communication, through various channels and organisational levels, improving the ease of communication and the accuracy of the interpretation of the message. Secondly, the integrity of the message is improved in that more honest information and otherwise confidential information can be shared between the individuals. Thirdly, the environmental interaction explains that managers can decrease the censorship of the message, which results in decreased levels of tension during business exchanges. Finally, the communication process is more efficient and effective when a personal relationship exists between managers, reducing unnecessary communication and having insight into what type of information the counterpart would require (Gligor & Autry 2012:37). Zacharia, Sanders and Nix (2011:44) state that improved communication is essential between a 3PL provider and the rest of the supply chain in order to promote supply chain orchestration, integration and an improved role of the supplier of the logistics services within the supply chain.

Aspects influencing the nature of personal relationships

In a recent article, Gligor and Esmark (2015:522) identify three aspects that can have an influence on the nature of a personal relationship within the context of supply chain management. The first aspect is gender. The results showed that friendships are predominantly between same-sex individuals (Gligor & Esmark 2015:523). The ratio of male to female supply chain practitioners is highly in favour of men, with women accounting for 11%–25% of the supply chain industry in the United States, with similar statistics lacking within the South African supply chain industry (Ostby 2013). The most significant difference between the two genders relates to trust and communication, where women are much more inclined to trust someone and are, to some extent, more efficient at communication (Gligor & Esmark 2015:522; Haselhuhn, Kennedy, Kray, Van Zant & Schweitzer 2015:107). When automation of processes cancels out the need for personal interaction, the benefits of close personal relationships within a supply chain can be lost (Rosen 2015:108). Gligor and Esmark (2015:523) propose a combination of automation and personal interaction to ensure improved communication, trust and business understanding. Lastly, one has to consider the asymmetry within the relationship. Caniëls and Gelderman (2007:220) found that most of the power lies with the buyer in these situations. It makes sense for suppliers to gain the trust and form bonds with the buyers in order to ensure continuous business and to protect themselves from competition (Habib, Bastl & Pilbeam 2015:188; Nyaga, Lynch, Marshall & Ambrose 2013:43).

A novel study by Gligor and Holcomb (2013:328) adds to the literature on personal relationships specifically within a supply chain context. Based on the platform created by Gligor and Autry (2012:25), Gligor and Holcomb (2013:329) expanded the research by investigating the nature and benefits associated with personal relationships within buyer–supplier relationships of 3PL services.

A framework on personal relationships in logistics services

There are several theoretical frameworks that conceptualise the role of relationships within the context of business. Heide and Wathne (2006:96) defined the various roles of relationships in the field of marketing. Bradley, Sparks, Zapf, McColl-Kennedy and Jimmieson (2013:520) developed a framework for understanding service encounter behaviours from both the buyer’s and supplier’s perspective. Within the context of financial management, Theron, Terblanche and Boshoff (2012:31) developed a framework to assist in the management of business-to-business relationships. Many of these frameworks focus mainly on higher level business relationships without accounting for certain ‘soft’ issues that are at play between the individual managers of partnering firms. There is also a lack of research in the field of supply chain management that has a specific focus on personal relationships and taking into account the perspectives of both buyers and suppliers of logistics services (Marasco 2008:130). Gligor and Holcomb (2013:330) conceptualised such a framework which identifies four major themes that can be seen as benefits associated with the existence and maintenance of personal relationships between the managers of 3PL services’ suppliers and buyers.

The first theme is enhanced trust, which can be identified as a prerequisite of a personal and business relationship (Hofer, Knemeyer & Dresner 2009:142). Three actions by managers lead to the enhancement of trust between individuals, namely finding common ground or being able to relate to each other, disclosing personal information and being honest (Gligor & Holcomb 2013:330). Gligor and Esmark (2015:519) found that because of close relationships, logistics managers will be more honest, open about personal information and find ways to relate or bond with each other, which in turn creates trust.

The second theme is enhanced communication. According to Gligor and Holcomb (2013:339), increasing the ease of communication through regular casual talks and increasing the sensitivity of the business information that is exchanged, are the two actions required by managers to ensure enhanced communication.

The third theme is enhanced personal and business understanding. When the managers are able to better
understand the individual on a personal level, they will gain greater insight about the same individual on a professional level (Gligor & Holcomb 2013:340). Sanders, Autry and Gligor (2011:181) identified that a better understanding of the buyer’s needs on a firm level is linked to positive supplier performance. There are two actions identified by Gligor and Holcomb (2013:342) that can enable individuals to gain deeper insight about their buyer or supplier: attentively assessing personal characteristics, for example asking about hobbies or showing interest in family-related matters, and assessing business-related characteristics by using the personal knowledge about an individual to gain insight into the specific business needs of the firm.

The final theme is increased business volume. By creating a relationship with a customer, the possibility of retaining this customer over a long period of time is greater (Davis & Mentzer 2006:55). The specific actions managers must engage in are cultivating loyalty and reciprocity. However, it is noted that managers must not use personal relationships as a means to an end; rather, the increased business must be seen as the result of fostering and nurturing long-term personal and business relationships with buyers and suppliers (Gligor & Holcomb 2013:343).

Research method and design

Research design

This study uses a descriptive qualitative research design. Merriam (2009:22) and Sandelowski (2000:335) state that a descriptive approach is an acceptable research design for a qualitative study. In this study, a deeper understanding of the role and nature of personal relationships in the South African 3PL industry was required, and thus, a descriptive design was most fitting (Plano Clark & Creswell 2015:289; Lambert & Lambert 2012:255). Neergaard, Olesen, Anderson and Sondergaard (2009:2) explain that a descriptive qualitative study, being the least theoretical of the qualitative approaches, is based on existing knowledge on the topic, relevant linkages from other researchers in this field and experience gained from the intended group, people or organisation to be investigated.

Sampling

The unit of analysis for this study was personal buyer-supplier relationships conducted in the context of the South African 3PL industry. From a supplier perspective, the purposive sampling strategy, homogenous sampling, was used to identify the 3PL service providers. In this case, companies were chosen that assume the responsibility of several logistics functions of a client. Snowball sampling was subsequently used to identify specific buyers of 3PL services by asking the participant after each interview to recommend a specific buyer of the firm’s 3PL services (Creswell 2012:206; Plano Clarke & Creswell 2015:334).

The homogenous sampling strategy was used to identify individual participants based on their job title and core responsibilities in the firm (Plano Clarke & Creswell 2015:334). From the suppliers’ perspective, the individuals were responsible for managing a client account. Their roles were predominately key account managers. From the buyers’ perspective, the individuals were responsible for the firm’s logistical functions, from a transport, procurement, shipping or holistic supply chain perspective. The main inclusion criteria for the buyers and suppliers were that they had to have developed a close relationship with an individual in a firm by either buying or supplying 3PL services. The details about the participants are provided in Figure 1.

A total of 16 semi-structured interviews were conducted with 18 participants. Ten participants were from 3PL services suppliers, with two participants from the same firm, while eight were buyers of 3PL services, all from different firms. A total of four direct relational links were made from the 18 participants, while the rest presented their own accounts.

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**FIGURE 1: Participant and company details.**

<table>
<thead>
<tr>
<th>Buyers</th>
<th>Pseudonym</th>
<th>Position</th>
<th>Firm</th>
<th>Duration of interview (minutes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>P3</td>
<td>COO</td>
<td>B1</td>
<td>54</td>
<td></td>
</tr>
<tr>
<td>P4</td>
<td>General Manager Transport</td>
<td>B2</td>
<td>75</td>
<td></td>
</tr>
<tr>
<td>P6</td>
<td>Supply Chain Manager</td>
<td>B3</td>
<td>27</td>
<td></td>
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<tr>
<td>P9</td>
<td>Customs Trade Compliance Specialist</td>
<td>B4</td>
<td>33</td>
<td></td>
</tr>
<tr>
<td>P10</td>
<td>Procurement Manager Indirect – Spend</td>
<td>B5</td>
<td>56</td>
<td></td>
</tr>
<tr>
<td>P12</td>
<td>Distribution planning manager</td>
<td>B6</td>
<td>45</td>
<td></td>
</tr>
<tr>
<td>P13</td>
<td>Manager Parts Logistics</td>
<td>B7</td>
<td>51</td>
<td></td>
</tr>
<tr>
<td>P14</td>
<td>Manager: Primary Transport</td>
<td>B8</td>
<td>22</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Suppliers</th>
<th>Pseudonym</th>
<th>Position</th>
<th>Firm</th>
<th>Duration of interview (minutes)</th>
</tr>
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<tbody>
<tr>
<td>P0</td>
<td>Quality Manager</td>
<td>S1</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>P1</td>
<td>Key Accounts Manager</td>
<td>S2</td>
<td>56</td>
<td></td>
</tr>
<tr>
<td>P2</td>
<td>Key Account Manager</td>
<td>S3</td>
<td>42</td>
<td></td>
</tr>
<tr>
<td>P5</td>
<td>Key Account Manager</td>
<td>S4</td>
<td>82</td>
<td></td>
</tr>
<tr>
<td>P7</td>
<td>Strategic Client Lead</td>
<td>S5</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>P8</td>
<td>CEO</td>
<td>S6</td>
<td>42</td>
<td></td>
</tr>
<tr>
<td>P11</td>
<td>Executive: Business Development</td>
<td>S7</td>
<td>41</td>
<td></td>
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<tr>
<td>P15</td>
<td>Key Account Manager</td>
<td>S8</td>
<td>30</td>
<td></td>
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<tr>
<td>P16</td>
<td>Director Client Solutions</td>
<td>S9</td>
<td>49</td>
<td></td>
</tr>
<tr>
<td>P17</td>
<td>Regional Manager</td>
<td>S9</td>
<td>49</td>
<td></td>
</tr>
</tbody>
</table>

Average interview time in minutes: 51

Total number of participants: 18

Male participants: 12

Female participants: 6

Direct relational links: P1 and P12, P7 and P4, P3 and P11, P5 and P9

Source: Authors’ own work
and perceptions of interpersonal relationships. Francis et al. (2010:1234) propose that a minimum of 10 interviews be conducted, and once 3 consecutive interviews are done with no new information arising in the last 3, then data saturation has been reached. After interview number 13, 92% of the codes were generated. The remaining 8% of the codes were generated in the following two interviews while the last three interviews did not yield any new significant data. The interviews were analysed again after all the codes were generated to ensure consistency in data analysis.

Data collection

The method of data collection for this study was semi-structured interviews. Semi-structured interviews were appropriate as it extracted as much information as possible on the role of personal relationships within a supply chain context (Sandelowski 2000:338). The interview questions were adapted from the discussion guide used in the study by Gligor and Holcomb (2013:338). A pilot study was conducted with a quality manager within a 3PL firm. Positive feedback was received, and no major changes were made to the discussion guide. The discussion guide used in the current study is available from the corresponding author on request.

The average duration of the interviews was 51 minutes. The authors transcribed 14 of the interview recordings, with the remaining 4 transcribed by a professional transcription service because of capacity constraints. Transcriptions were subsequently compared to the actual recordings, and corrections were made to ensure verbatim transcriptions.

Data analysis

A thematic analysis approach was used to analyse the data collected in this study. This is a way of analysing data across a data set in order to systematically identify, organise and understand emerging themes within this set of data (Braun & Clarke 2012:57). A comprehensive frequency table, consisting of the relevant codes, is indicated in Table 2.

Ethical considerations

In order to comply with the ethical principle of informed consent, all participants were required to read and sign an informed consent form. Anonymity and confidentiality assurance was also provided within the informed consent form. Participant and company names were replaced with pseudonyms, listed in Figure 1 to protect the identity of the participants and to ensure honest responses.

Trustworthiness

Reliability

For this study, a rich and thick description of the participants, methodology, sites and context ensured the transferability and authenticity of the study (Creswell 2007:209; Polit & Beck 2012:588). Peer debriefing was used to ensure that an objective third party investigated the study in order to address any trustworthiness issues. Consultations with an experienced supply chain academic and methodology expert ensured that any reliability issues were highlighted and corrected (Creswell 2007:208; Polit & Beck 2012:594).

Validity

By replicating an existing framework and relating the data back to existing literature, the internal credibility of the study is ensured (Shenton 2004:69). Additionally, given the sensitivity of the information provided by participants, measures were taken to ensure honesty in the responses, which included interviewing the individuals alone, allowing them to withdraw from the study at any time and by establishing rapport with the participants from the start of the interview, stating that the information is confidential and that there are no right or wrong answers to the questions (Shenton 2004:66).

Results

This study identifies four main themes, and various sub-themes, on personal relationships within the South African 3PL industry.
TABLE 2: Data frequency table.

<table>
<thead>
<tr>
<th>Codes list</th>
<th>P0</th>
<th>P1</th>
<th>P2</th>
<th>P3</th>
<th>P4</th>
<th>P5</th>
<th>P6</th>
<th>P7</th>
<th>P8</th>
<th>P9</th>
<th>P10</th>
<th>P11</th>
<th>P12</th>
<th>P13</th>
<th>P14</th>
<th>P15</th>
<th>P16</th>
<th>P17</th>
<th>Frequency</th>
</tr>
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<tbody>
<tr>
<td>Code 3: Business understanding</td>
<td>1</td>
<td>1</td>
<td>1</td>
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<td>Code 6: Relating/bonding</td>
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<td>Code 13: Gender preference</td>
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<td>Code 2: Core responsibilities</td>
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Source: Authors’ own work

3PL industry (see Figure 1). In the following section, each of the main themes and sub-themes are discussed. The main findings are presented and linked to illustrative quotations from the data as well as to appropriate literature.

Alignment of benefits with Gligor and Holcomb (2013)

This study confirms the findings of Gligor and Holcomb (2013:336), considering that all the benefits associated with personal relationships and the specific actions to convey these benefits were found in the South African 3PL industry.

Enhanced personal and business understanding

Gligor and Holcomb (2013:342) identified two actions that could enable managers to gain deeper insight into their buyer or supplier. These are attentively assessing personal characteristics and assessing business-related characteristics. From the data, it is clear that the participants have a deeper understanding of the individual with whom they have a connection and this individual’s business requirements:

‘He [P12] understood our concept, he understood some of the challenges we had, he almost like understood our point of view.’ (P1, male, key accounts manager)

‘I took my whole team to the client and I say this is the people that you deal with on a daily basis because they don’t know them. And we took them through the warehouse and showed them what the place looks like where does the container go. You know that kind of thing. And it is amazing what that does for the whole process and the relationship between the guys.’ (P9, male, customs and trade compliance specialist)

Enhanced communication

According to Gligor and Holcomb (2013:339), increasing the ease of communication through regular casual talks and increasing the sensitivity of the business information that is exchanged will lead to enhanced communication between the individuals. These actions are also present from the data:

‘If you have that [personal] relationship with that person, then you can, with confidence phone him when you are in trouble and need his help.’ (P14, male, manager primary transport)

‘I think we were we would share stuff with P12 that we wouldn’t … we wouldn’t share with some of the current people that we are dealing with.’ (P1, male, key accounts manager)

Enhanced trust

There are three actions by managers that lead to enhanced trust between individuals, namely being able to relate to each other, disclosing personal information and being honest (Gligor & Holcomb 2013:339). The trust element is directly mentioned by all but one participant as a benefit of closer relationships. The specific actions or activities that can lead to gaining the trust of an individual are also present:

‘I spend literally ten fifteen minutes of my meeting chatting to you about what you did last weekend because that for me is more of a

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connection than just understanding what, you know, what your business requirements are ….’ (P7, female, strategic client lead)

‘So every now and then we play golf with the bank or might have a dinner or you know that type of thing. And we have a discussion we talk about our families we talk about our wives you know.’ (P3, male, COO)

Increased business volume

According to Gligor and Holcomb (2013:336), creating a personal relationship with a buyer or supplier will create actions of reciprocity and cultivate loyalty from that individual. This is confirmed in this study:

‘You have that relationship with the client where they won’t just abruptly say listen here, you messed up … so goodbye we are changing suppliers you know.’ (P5, female, key accounts manager)

‘The lady that does the shipping bakes cakes if I need a cake I’ll order a cake from her just to kind of integrate, you know one hand washes the other type of thing.’ (P2, female, key accounts manager)

The findings indicate that the framework of Gligor and Holcomb (2013:336) is transferable to the South African 3PL industry.

Additional benefits identified

Personal-related benefits

Personal benefits include ease of doing business, which refers to a working environment that is more cordial. Routine tasks such as meetings are more likely to be seen as a way to improve current business rather than just a task that needs to be completed. A shared vision drives individuals towards a common goal and allows individuals to better understand the value of resource and information sharing (Tshai & Ghosal 1998:467). Rius and Ortiz (2012:230) suggest that buyers and suppliers within a 3PL partnership should meet regularly to align organisational goals and objectives, information systems, forecasting methods and other operational issues. Ease of conflict resolution is another personal benefit that refers to the way two parties find a peaceful solution to a disagreement. The disagreement may be personal, financial, political or emotional. When a close relationship is present, the conflict resolution process is less time consuming and requires less effort. Some extracts of the data illustrate these benefits:

‘When we are in the monthly SLA meetings the vibe is different. You know when I get into a meeting it is also easy for me to say that can we have coffee guys because of the level of comfort and the level of confidence that we have built over time.’ (P13, male, manager parts logistics)

‘We are on a much better level now where if we he wants to confront me, we will do it on a one-on-one basis and not in front of other people.’ (P4, male, general transport manager)

Business-related benefits

Business-related benefits include an enhanced problem-solving ability, which describes the ability of individuals from the buyer and supplier firms to work together to solve business-related issues. Because of the close relationship, the individuals are much more willing to work together and find a solution. Secondly, consistent with the findings of Gedeon et al. (2009:221), several risks are identified in the research for the buyer and supplier when they fail to build a closer relationship. For suppliers, the risk is losing the buyer, resulting in a loss of revenue. As illustrated in the quotes below, the buyer faces the risks of having to spend a lot of money on finding a new supplier and loss of revenue during this period, which is caused by not being able to make the service available to customers.

‘The relationship plays a big role in resolving issues. When you have issues, when you have fights about demurrage and detention, who is responsible for what and why you are not accepting responsibility for a claim in that sense relationships, plays a very big role in resolving these issues.’ (P15, male, key account manager)

Participant P5 explains a scenario where she accidentally overcharged a client for certain logistics services provided by her company. She explains that because of the strong personal relationship, she was able to honestly admit to the mistake without fear of being reprimanded by the client. The following quote states her feelings about the situation:

‘If I didn’t have that relationship with P9, he would have most likely lost his temper over the quite costly mistake and demanded that we give him credit. But because we had that relationship he understood that it was an honest mistake and we were able to rectify the issue.’ (P5, female, key account manager)

Interaction between buyers and suppliers

One of the research questions of this study is to understand how buyers and suppliers interact with each other when personal relationships are involved. The following subsections describe the prerequisites for a personal relationship in the South African context and the ethical and formal factors that have an impact on the interaction between individuals.

Prerequisites of relationships

The culture of an individual was thought to determine the importance of a personal relationship in business interactions. Some cultures require that a bond between the business parties be established before any business transactions can commence (Hutchings & Michailova 2004:84). Interestingly, despite the different cultures in South Africa, the findings show the opposite is true. Before any sort of personal relationship can form, performance of the business and individual must be proved. In other words, a personal relationship is unlikely to form if the supplier fails, as an individual and as a firm, to meet the business requirements of the buyer. Time commitment is the other prerequisite for forming a relationship. This is illustrated in the following quotation:

‘It takes some time you know. We have to get to know each other a bit and he [P9] has to obviously see you know, do I deliver.’ (P5, female, key account manager)
‘The first point that I want to mention is I am finding that it is actually easy for me to form informal relationships with suppliers or service providers who are performing.’ (P13, male, manager parts logistics)

Ethical and formal factors

All the participants are governed by strict corporate governance rules and policies. This influences the interaction between the individuals. The supplier has to follow lengthy procedures and policies if he or she wants to take a client to a sporting event or even dinner. Many of the buying firms have policies in place that restrict the value of a gift that can be accepted from any supplier, ranging from R300 to R500. Corporate governance is an essential mechanism to prevent fraud and corruption within a firm as noted by Salanta and Popa (2015:110), who identified that a lack of corporate governance rules can lead to unethical practices. However, this study suggests stringent corporate governance limits or restricts the spontaneity and hampers the development of personal relationships. An excerpt from the data illustrates this point:

‘It’s migrated to a point now where relationships will get you so far. But there’s always a governance issue that needs to be dealt with.’ (P11, male, executive: business development)

‘If I wanted to for instance take a client out for lunch I’d have to invite them, they’ll have to declare it and you know it can’t be construed to be a bribe. When the last rugby world cup happened, I made arrangements to buy rugby jerseys for my clients and when I offered it to them they were very cagey about accepting it. They had to declare it internally that they’d received this gift from a supplier and it has become very light with regards to that kind of thing.’ (P1, male, key accounts manager)

Trust has been described as a governance mechanism for relationships (Han, Han & Brass 2014:54; Nycqvist, Pape, Pellfolk, Forsman & Wahlbeck 2015:547; Uzzi 1996:676). Seventeen of the 18 participants state that their actions with the buyers or suppliers are not only guided by corporate governance rules but also by their own integrity and belief in the other individual to keep the transactions in line with ethical business practices:

‘I think the relationship that I’ve built up with both P1 and all the other people that I’ve dealt with and something that I really strive to do is have a strong personal connection but both parties must know where personal ends and where business starts.’ (P12, male, distribution planning manager)

‘I would never expect P12 to breach those [ethical] boundaries.’ (P1, male, key accounts manager)

The formal role of the individual also influences the interaction between him or her and the buyer or supplier. Most of the suppliers have individuals dedicated to certain buyer accounts. They will go out of their way to save a contract or help the buyer and it is expected of them to do this. The massive exit barriers are also a factor that can influence behaviour. For a buyer to switch to a different logistic supplier or vice versa will have a detrimental effect on the business in terms of lost revenue and operational issues. The individuals are more likely to make the current relationship work as shown below:

‘But if the customer needed more stock delivered, whether it means a bakkie or renting a truck or going the extra mile is part of what we do.’ (P8, male, CEO)

‘It’s going to be very difficult to get the same understanding that S4 [supplier] has currently with another company, it’s not impossible. [Pause. But it’s not going to happen overnight.’ (P9, male, customs trade compliance specialist)

Additional aspects that influence the nature of the relationship

Gligor and Esmark (2015:522) identify gender, operations automation and asymmetry within the relationship as aspects that can influence the nature of the relationship. The findings show that only gender and relationship asymmetry have an influence on the relationships that were investigated. An additional aspect, the ability to adapt to different personalities, also plays a role within personal relationships.

Gender

Six of the 18 participants were women. In total, only three participants prefer to work with men rather than women, two of whom were women. The other 15 participants had no gender preference and were able to form personal relationships with either gender. Table 3 presents a comprehensive summary of gender preference, with motivation for the gender preference and other factors that are considered more important than gender.

<table>
<thead>
<tr>
<th>Participant</th>
<th>Gender preference</th>
<th>General comments</th>
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<tbody>
<tr>
<td>P0 (M)</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>P1 (M)</td>
<td>Males</td>
<td>Relate better with men. Protecting himself from sexual harassment issues</td>
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<tr>
<td>P2 (F)</td>
<td>None</td>
<td>Men are more abrupt Women are more descriptive</td>
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<tr>
<td>P3 (M)</td>
<td>None</td>
<td>Personality more important</td>
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<tr>
<td>P4 (M)</td>
<td>None</td>
<td>Ladies will be treated not as harsh as when two men are in conflict</td>
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<tr>
<td>P5 (F)</td>
<td>None</td>
<td></td>
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<tr>
<td>P6 (F)</td>
<td>Males</td>
<td>Men are more logical and to the point</td>
</tr>
<tr>
<td>P7 (F)</td>
<td>Males</td>
<td>Easier to converse with men. Ladies may have hidden agendas</td>
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<tr>
<td>P8 (M)</td>
<td>None</td>
<td>Attitude and approach more important</td>
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<tr>
<td>P9 (M)</td>
<td>None</td>
<td>Approachability more important</td>
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<td>P10 (M)</td>
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<td></td>
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<tr>
<td>P11 (M)</td>
<td>None</td>
<td>Being knowledgeable and not ‘being dumb’ is a bigger factor</td>
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<tr>
<td>P12 (M)</td>
<td>None</td>
<td>Men relate better with men but understanding the individual is a bigger aspect</td>
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<tr>
<td>P13 (M)</td>
<td>None</td>
<td>Ability is more important Women bring in the informal factor – emotions</td>
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<td>P14 (M)</td>
<td>None</td>
<td>Competency is more important</td>
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<tr>
<td>P15 (M)</td>
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<td>Getting the job done is more important</td>
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<td>P16 (F)</td>
<td>None</td>
<td>Understanding the individual is a bigger aspect</td>
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<tr>
<td>P17 (F)</td>
<td>None</td>
<td>Culture plays a role when different genders work together.</td>
</tr>
</tbody>
</table>

Source: Authors’ own work.
Relationship asymmetry

According to Caniëls and Gelderman (2007:220), most of the power normally lies with a buyer in a buyer–supplier relationship. The findings of this study show that this is true; however, this power is not used to gain one-sided benefits. Sixteen participants indicate that despite the fact that the buyer sets up service levels and mostly ‘calls the shots’, they normally work towards achieving a common goal. The following quote illustrates this statement:

‘There is no point in me having a relationship with you bleeding you for price and not allowing you to make a profit. There is something as a healthy profit. You need to make a profit. On that basis you will provide a beneficial service to them.’ (P3, male, COO)

Ability to adapt to different personalities

A novel aspect identified in this study is the ability of the individual to adapt to the diverse personalities that he/she comes across. This is important to build stronger relationships. If an individual is unable to read people and have a conversation with a new buyer or supplier, then the likelihood of forming a closer relationship is diminished. This skill has to be applied to avoid clashing with a differing personality, which has a negative impact on the personal and business relationship:

‘In logistics and supply chain you are the ultimate diplomat.’
(P3, male, COO)

‘Because you are going to meet so many diverse people that today you’re … how’s it my bru and tomorrow it’s … Mr. Q are you well? You know? Intellectual. Being intellectual plays a big part.’ (P11, male, executive: business development)

Discussion

Outline of the results

The intent of this study was to replicate the study of Gligor and Holcomb (2013:345) within the South African 3PL services industry. The transferability of the above-mentioned study in the South African context was investigated and academic contributions to the framework were made as a result of elements that were present within this different context. The four benefits of forming close relationships, namely enhanced personal and business understanding, enhanced communication, enhanced trust and increased business volume, are all generated within personal relationships between buyers and suppliers of 3PL services in a South African context. From an academic perspective, this confirms the work of Gligor and Holcomb (2013) as accurate and transferable to a South African context.

Additionally, academic contributions to the framework of Gligor and Holcomb (2013:345) are made in the form of two additional personal-related benefits and two additional business-related benefits. The personal-related benefits include ease of doing business. This relates to a more cordial working environment when personal relationships are in place. Secondly, conflict resolution between the two parties is a lot easier and individuals are able to sort out personal quarrels between each other without going through tedious grievance procedures. Business-related benefits, which result from personal relationships, include enhanced business problem solving, which allows individuals to solve operational and other business-related issues with collaboration and speed. The second business-related benefit refers to risk mitigation. Personal relationships mitigate risks such as possible loss of clients, operational issues and not being able to provide a service to the end user.

Another objective of this study was to determine how buyers and suppliers interact with each other when a personal relationship is present. As indicated earlier, the findings show that an individual’s performance, not his/her culture, is regarded as a prerequisite for the development of a personal relationship in a South African context (Hutchings & Michailova 2004:84). Performance and time commitment are both seen as prerequisites for personal relationships.

Four additional factors were identified that influence the interaction between buyers and suppliers when personal relationships are involved. These are corporate governance policies and rules, integrity and trust between individuals, core responsibilities and exit barriers. Salanta and Popa (2015:110) call for stringent governance in a 3PL relationship. Based on the participants’ responses, the impact of corporate governance on the formation of a personal relationship is clear. Corporate governance is essential to avoid fraud and corruption; however, if very rigid corporate governance rules are strictly enforced within a firm, it may hinder the development of personal relationships, denying both firms the benefits that could have been realised from these relationships. The findings also confirm that formal roles give way to more personal and social interactions between business partners as more interactions happen between them (Halinen & Salmi 2001:6). Finally, because of costly exit barriers for both the supplier and buyer, individuals sometimes have no option but to make the relationship work.

Finally, this study considered factors that could influence the nature of the personal relationship. There are three aspects to consider: gender, relationship asymmetry and the ability of individuals to adapt to different personalities. Significant academic contributions are made in terms of research on gender roles in supply chain management. Contrary to the findings of Gligor and Esmark (2015:522), male–female personal relationships were found and almost all the participants have no gender preference when it comes to forming close relationships. In terms of relationship asymmetry, buyers were found holding more of the power, confirming previous research (Caniëls & Gelderman 2007:220). However, the participants, including buyers, stated that they would rather work towards a mutually beneficial goal than abuse the power to gain one-sided benefits. Finally, when an individual is able to
successfully adapt to different personalities, building stronger relationships becomes easier, as opposed to those individuals who keep ‘clashing heads’ with differing personalities without being willing to compromise or trying to understand different people.

Practical implications

Firstly, the findings contribute to the understanding of the benefits related to personal relationships in the 3PL industry. Managers, more often than not, restrict employees when it comes to forming closer relationships with a buyer or supplier. This study highlights that not only are there many benefits to be gained from forming these relationships but also strong corporate governance and even stronger individual integrity mitigate the risk of potential unethical behaviours.

Secondly, by understanding that a closer relationship requires a long-term commitment, managers must be willing and able to commit to a new buyer or supplier for the long run and not have a short-sighted approach to logistics services. Costly exit barriers and risks such as supply shortage or loss of business stress to managers that these types of relationships must have a future view of at least 3–5 years in order to gain the most out of the relationship.

Finally, performance is identified as the foundation of a closer relationship. Suppliers especially have to deliver the logistics services as agreed. A personal relationship cannot be built on a foundation of weak performance. If individual performance and time commitment are prerequisites for the formation of personal relationships, then the account managers of 3PL service providers should be sensitised about the importance of these aspects. In addition, these account managers should be trained on how to understand their clients’ expectations regarding their individual performance and time commitment. Furthermore, these account managers could also be trained on how to deal effectively with client representatives with personalities that differ form their own.

Limitations of the study and future research

Despite contributing to supply chain relationships research, the findings of this study are based on opinions of a limited number of participants. Only four direct relational links were made between participants; in other words, only 8 of the 18 participants could be linked with each other. If more direct links were made, differing opinions might have surfaced.

Furthermore, the participants in this study, buyers and suppliers, were all from large firms that are required by law to have formal corporate governance policies in place. They also have strict business processes in place, which to some extent can restrict personal relationships from forming. It would be interesting to conduct this research on smaller firms, where adherence to formal processes and governance might not be as stringent.

Finally, previous studies including this one have focused on the benefits in isolation or in combination with the dark side of personal relationships. This leaves us with an understanding of only one side of the coin. Future research should focus on the negative impact of not having personal relationships or strictly formal relationships in this context. This can provide a more comprehensive view on personal relationships within a 3PL services context.

Conclusion

The goal of this study was to replicate an existing framework on personal relationships in a logistics environment in the South African 3PL industry. A descriptive qualitative research strategy was used. Semi-structured interviews were conducted with 10 suppliers and 8 buyers of logistic services. The results showed that the benefits of enhanced personal and business understanding, enhanced communication, enhanced trust and increased business volume were present within this cultural context. Four additional benefits were identified; namely, ease of doing business, ease of conflict resolution, enhanced problem solving and risk mitigation, which adds to the body of knowledge on personal relationships in the field of logistics. Secondly, this study aimed to understand how buyers and suppliers of logistics services interact when a personal relationship is present. The results showed that performance and time commitment serve as prerequisites for forming personal relationships. Subsequently, corporate governance, individual integrity and trust, core responsibilities or formal roles and high exit barriers are all factors that influence the interaction between individuals who have formed personal relationships. Finally, gender, relationship asymmetry and the ability of individuals to adapt to different personalities are factors that have an impact on the nature of the personal relationship. This study ultimately allows academics and managers to gain a deeper understanding of the benefits and influencing factors of personal relationships in a 3PL environment.

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Competing interests

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Authors’ contributions

This article is based on the MPhil dissertation of K.M.; thus, he was the main researcher. W.N. assisted as supervisor with the conceptualisation, literature review and research instrument. T.K. provided methodological guidance and technical support.
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