

THE QUALITY OF OUTSOURCED LOGISTICS SERVICE IN COLLECTIVIST COUNTRY: A LITERATURE REVIEW

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Abstract

This paper highlights on the emerging needs to expand theories from different national culture perspectives. Highlighted key content include the shortcoming of the work in the logistics service quality, the importance of logistics service quality towards customer satisfaction and the needs to explore logistics service quality from the perspective of the collectivist society. This study also highlights on the differences between collectivist and individualist society and works planned for extension of the study.

Introduction

Many authors identified and addressed that there are differences on how theories are functioning in various national culture (Hofstede, 1993; Kristal, Mark, & Sheu, 2008; Schermerhorn, 1994; Abdullah, 1996; Childerhouse et al., 2010). National culture is defined as the collective programming of the mind that distinguishes the members of one group or category of people from others. Mentzer, Myers, & Cheung (2004) had acknowledged that it is important to expand the knowledge on how logistics service quality and customer satisfaction functioned in different national culture.

Mentzer et al., (2004) addressed that logistics activities are subject to culturally influenced preferences prevalent across the globe, especially the general influences such as timeliness and responsiveness. Mentzer et al., (2004) added that the majority of study are emphasizing on the identification of customer character related to segmentation of tangible goods, rather than services. Riddle (1992) stated that firms that are able to master the cultural elements through learning and training have the opportunity and advantage to perform well in the market. There are several works conducted to understand cultural values function in business, for example Yang, (2011) have studied in detail about the importance of Guangxi (Chinese cultural value) in businesses. Specifically there are a limited number of works available to understand logistics service quality and customer satisfaction in a collectivist society.

Collectivist culture is a closed group orientation. The people believe that their fate is strongly linked to others, channelling personal goals for collective goals and rarely separate or get out of groups (Cannon, Doney, Mullen, & Petersen, 2010; Hofstede, 2011). They favour harmony and cooperation with similar other in an interdependent situation. Collectivist society values on belongingness, preserving public image and conformity. Among countries that have collectivist orientation includes Argentina, Armenia, Belarus, Brazil, Bulgaria, China, El Salvador, Egypt, Greece, Georgia, India, Indonesia, Japan, Korea, Lebanon, Portugal, Romania, Russia, Ukraine, Saudi Arabia, Serbia, Singapore, Taiwan, Turkey, Malaysia, African countries (Zambia, Kenya, Uganda and Somalia), Israel and Poland (Hofstede, Hofstede, & Michael, 2010). While individualist culture are an "open-group" societies. People consider themselves independent of others, pursue personal goals over group goals. The norms emphasize assertiveness and confrontation in interdependent situations. Individualist society values promote autonomy, competition, freedom, independence and achievement. Countries that are among individualist countries include Germany, Austria, Switzerland, Canada, Australia, United Kingdom, Italy, France, Ireland, Poland, Czech Republic, Finland, Estonia, Hungary, United States, The Netherlands, Belgium, Luxembourg and South Africa. Table 1 presents key differences between individualist and collectivist society.

COLLECTIVIST	INDIVIDUALIST
Use the word "I" is avoided	Use of the word "I" is encouraged
Interdependent self	Independent self
On personality tests, people score more introvert	On personality tests, people score more extravert
Showing sadness is encouraged and happiness discouraged	Showing happiness is encouraged and sadness is discouraged
Slower walking speed	Faster walking speed
Consumption patterns show dependence on others	Consumption patterns show self-supporting lifestyles
Social network is primary source of information	Media is primary source of information
A smaller share of both private and public income is spent on healthcare	A large share of both private and public income is spent on healthcare
People with disabilities are a shame on the family and should be kept out of sight	People with disabilities should participate as much as possible in normal life

Source: Hofstede. G, Hofstede G.J, Minkov, M., (2010) *Cultures and Organizations, Software of the Minds, Intercultural Cooperation and Its Importance for Survival*

Table 1: Key differences between collectivist and individualist societies language, personality and behaviour

The original logistics service quality (LSQ) theory was developed by Mentzer, Flint, & Hult, (2001). The LSQ theory is based from the view of individualist country, the core question that guided this study can be stated as follows: Do the Malaysian cultural values have any influence on the manufacturers' satisfaction towards the quality of outsourced logistics service? The purpose of this paper is to review on the preceding theoretical understanding on the components of quality of logistics service and how does the customer satisfaction emerged among the Malaysian manufacturers.

Literature Review

National Culture and Logistics & Supply Chain Management Study

Globalization are mentioned as the main reason that heightened the concerns about importance of understanding cultural differences. Table 2 presents the summary of logistics and supply chain research related to national culture study. In logistics and supply chain context, listed works have acknowledged the significant impact of cultural differences and promote to extend the understanding into various discipline and theories. For example in the work of Mentzer et al., (2004) which have addressed that while the fundamentals of logistics service are frequently addressed, understanding the application of logistics service strategies in a global context is still in the early stages of development. He stresses that it is the role of future research to continue to investigate the influence of LSQ in a global context, particularly addressing the research propositions presented.

To support this view, overall literature review by Schoenherr, (2009) have identified that there are 4 predominant themes emerged in the global study; Important highlights include that there is indication that an approach that works perfectly in one country may lead to a considerable failure in another country. Schoenherr (2009) suggested future research to continue explore and update specific national logistics and supply chain management settings. Next, in the work by Laskowska-rutkowska, (2009) have pointed out further details where National and organizational culture have a significant impact on the success of cooperation between companies in the supply chain. For example, countries, whose traditional culture has favoured cooperation may benefit from their "cultural value added." On the other hand, countries where strong individualism and a confrontational approach predominate may find themselves in a less favourable position. In this case, the chances that a partnership in the supply chain will be successful may be increased by the creation of an organizational culture focused on cooperation and by the use of tools that help define partnership goals and its optimum "depth."

Author	Approach and Context of Study	Theoretical Origin	Variables
Mentzer et al., (2004)	Conceptual / Global Context	Logistics Service Quality	National and regional characteristics, Organizational Characteristics, Perception of order placement activities, Perception of order receipt, Satisfaction level response
Schoenherr, (2009)	Literature Review. Global Logistics and supply chain management	Challenges of Global Logistics and Supply Chain Management	NIL
Laskowska-rutkowska, (2009)	Literature Review. Supply Chain Management	National Culture, Organizational Culture, Supply Chain	NIL
Childerhouse et al., (2010)	Survey, Global Supply Chain Management	National Culture	Anthropological approach observing SCM behaviour within natural setting. behaviour type

Table 2: Summary of logistics and supply chain research related to national culture study

Further search in International Journal of Physical Distribution (IJPDL) and Logistics Management on related national culture and logistics studies. Initial results in IJPDL based on “National Culture” keyword resulted to 119 related paper. While In JBL there are 50 related results. Further screening to select the closest topic which do study about national culture excluding work on organizational culture, total quality management culture, Information system culture results to 11 selected research. Based on the searches there are eight (8) main research direction related to logistics studies from national culture perspective. They include personnel skill requirement (Razzaque, Shafreen, & Sirat, 2001), Innovation Management (Busse & Wallenburg, 2011), China Based study (Jiang & Prater, 2002; Tian, Ellinger, & Chen, 2010; Wang & Kess, 2006; Zhang & Huo, 2013), Supplier and Customer Relationship (Golicic, 2007; Rinehart, Lee, & Page, 2008), Loyalty (Wallenburg, Cahill, Goldsby, & Knemeyer, 2010); support system for global logistics (Koh, Saad, & Arunachalam, 2006), importance to consider culture (Daugherty, 2011; Forslund, 2006; Tokman & Beitelspacher, 2011) and finally is behavior, decision making and judgment when involve different culture (Carter, Kaufmann, & Michel, 2007). Paper begin as early as 2001 and the highest is within the year of 2011 and there is only one recent work in 2013. The highest research based on this findings is about the China based study, this indicates that in cultural perspective there are active works about china culture and values in logistics and physical distribution journals.

Development of Logistics Service Quality

After identifying the growing needs to consider on how culture element may effect on practices and theories. This section explains on how the Logistics Service Quality (LSQ) work by Mentzer, Flint, & Hult, (2001) were developed. LSQ consists of nine (9) constructs to determine customer satisfaction. It includes Personnel Contact Quality, Order Release Quantity, Information Quality, Ordering Procedures, Order Accuracy, Order Condition, Order Quality, Timeliness and Order Discrepancy Handling.

Starting from the mid 1990's, logistics capability has evolved, from the traditional contribution in supporting marketing function, cost reduction and now has exalted to the capability to support or produce quality (Innis & La Londe, 1994). Thereby, the quality in logistics may further enhance greater satisfaction and loyalty (Mentzer et al. 1999; Saura et al. 2008). Service quality theory was mainly established as a means to measure the difference between what a person's expectation on service

and the perception that he/she may express after experiencing the service (Parasuraman, Zeithaml, & Berry, 1988).

Bienstock et al. (1997) is among the early scholars that have integrated SERVQUAL concepts with logistics function. Bienstock et al. (1997) developed a model known as physical distribution service quality (PDSQ). The construct of PDSQ is a valid, reliable scale gathered from the perception of purchasing managers assessing the service quality of in-house logistics providers (Mentzer, Flint, & Kent, 1999). The PDSQ model was developed by using similar qualitative and quantitative methods conducted by (Parasuraman, Zeithaml, & Berry, 1988). The PDSQ theory consists of three variables that are timeliness, availability and condition (Bienstock, Mentzer, & Bird, 1997)

Later, Mentzer et al. (1999) expanded the PDSQ model further into logistics context by considering the need of combining both the technical and functional qualities of the logistics service. Technical quality is expressed as the service that is technically acceptable and leads to concrete results (Mentzer et al. 2001). On the other hand, functional quality includes the way the customer is treated during the service provision process (Mentzer et al. 2001). There are nine original variables, namely personnel contact quality, order release quantities, information quality, ordering procedures, order accuracy, order condition, order quality, order discrepancy handling, and timeliness (Mentzer et al. 2001).

In addition, Mentzer et al. (1999) has studied the LSQ instrument from the view of the customer instead of the providers. Whereby, the developed LSQ measurement was tested in the United States largest military logistics providers (Defense logistics America, DLA). DLA users were the sample of the study that assessed the service quality delivered by DLA. The aim is to understand the different segments of value logistics service quality across the industry. Rafiq & Jaafar, (2007) tested and validated the LSQ instrument by surveying the users of third party logistics in the United Kingdom as a sample. Minor modification was made on the original constructs. Instead of assessing in-house logistics service only as by Mentzer et al. (2001), Rafiq and Jaafar (2007) assessed companies which used various types of the 3PL services (inbound, outbound, external 3PL providers) and different logistics providers. The results provided an overview of the level of the third party logistics service quality and its impact on the customer satisfaction. Saura, Francés, Contrí, & Blasco, (2008) also utilised the LSQ tools relationship with additional variables of information and communication technologies impact towards customer loyalty in the Spain context. In the Malaysian context, several authors have conducted a study to understand the quality programs in logistics functions among manufacturers (Zakaria & Fernando, 2010; Sohail, Sohal, & Millen, 2004). However, as to date, little empirical work is available for assessing the components of logistics service quality and its impact towards customer satisfaction within the collectivist society.

Research Gap

Previous work has concluded and confirmed that there are contradicting results from well-established theories (relationship theory, staffing, training) when it involves cultural values of Malaysian (Abdullah, 1996; Faisal & Jaafar, 2011; Schermerhorn, 1994b; Storz, 1999). In Malaysia, numerous studies have reported on the significant differences among cultures, especially between western countries and eastern countries (Faisal, Dainty, & Price, 2006; Faisal & Jaafar, 2011; Schermerhorn, 1994a). For example in general human resource training, according to Asma Abdullah in Schermerhorn, (1994) the training from western countries like USA would not go well with countries like Malaysia because it clashes with underlying values of politeness, softness, humility and "we" orientation. The trained personnel might not be able to apply his new skills comfortably due to clashes of cultural values.

Another example related to logistics and supply chain in Malaysia is in the work of Faisal & Jaafar (2011). Whereby, they mentioned that, in a collectivist society particularly for Malays in Malaysia, a technical aspect such as the quality of service provided and punctuality was not significant in securing future project with the same customer. However, it was the relational elements such as a personal relationship, emotion, values and social interaction that were most vital. The decision of project continuation was not just based on performance (on time arrival, no damages, accurate builds), it also depends on "whom you know" than "what you know."

While most studies suggest balance of power is crucial for good relationship, the work of Faisal & Jaafar (2011) have proven otherwise where in the Malaysian culture where power distance is acceptable, and it is contributors to faster and good relationship. Faisal & Jaafar (2011) also discovered issues of how national culture is influencing the relationship whereby in Malaysia context,

particularly among Malay construction industry, there are significant roles of national culture in influencing relationship between providers and users.

The study indicates that the existing inter-organizational relationship models in the literature did not accord with Malaysian organizations. Faisal & Jaafar (2011) suggested considering a more culturally sensitive models which fit particular race (in his case Malays). One of the significant elements highlighted in the framework is indebtedness („terhutang budi“) and „malu“ (shame) which is two important Malay values, in which they act as antecedents to the relationship. Earlier in 2010, Faisal conducted a study on relational contracting norm in Malaysian construction Supply Chain. Part of the study reveal the difference between the United Kingdom and Malaysian construction industry. Key elements are distinguishing both geographical separated region is the existence of personal relationship," emotion elements such as feelings of „bertolak ansur“ and „bertimbang rasa,, make others feel happy as well as values of honesty and „budi,,.

Conclusion

From this literature review, we can conclude that there are different elements of logistics service quality and customer satisfaction when it is functioning in the Malaysian National Culture. These unique phenomena require an in-depth understanding to enhance and take advantage on the capability and potential. The findings signify that it is important to delve further into the subject matters, which is to investigate the logistics service quality, customer satisfaction in Malaysia national culture. The study is not without limitations. First, only academic journal papers were included in the review as they are considered to be the highest level of research for acquiring information and disseminating new findings. Other relevant knowledge concerning this topic might also be found in conference proceedings papers, master"s theses, doctoral dissertations and textbooks. Adding knowledge from these sources might have altered the results or validated the conclusions made in this article.

Acknowledgement

Thank you to Universiti Teknologi MARA (UiTM, Malaysia), Malaysia Institute of Transport (MITRANS), Ministry of Higher Education Malaysia, Research Management Insitute, UiTM, Faculty of Architecture Planning and Surveying, UiTM.

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