



COOPERATION AND IT'S IMPORTANT IN LOGISTICS COMPANY

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Abstract. Due to the huge competition and the growing importance in today's market, the article analyzes the main aspects and the main benefits of cooperation. The main idea is to search how the cooperation behaviour affects the logistics companies. In this paper has been made the case study of the decision tree analysis, which shows the importance of the cooperation. By the chosen research method there has been made the main conclusions. Also the personal observations have made the significant impact in formulating the solutions. The main conclusion is identifies the main aspects of the cooperation impact and suggests the way how to improve the company's activities and the competitiveness.

Keywords: cooperation, logistics companies, competitiveness.

1. Introduction

An important characteristic of today's business is the cooperation. The huge competition, limited resources have led to the new behavior of the companies, which is more often and more widely noticeable. Nowadays technologies let the companies to integrate more easily and more efficiently. Instead of competing, in many industries firms provide priority to the cooperation forms. This new behavior has a lot of benefits, like access to new markets, actual information, knowledge, competence, higher outcomes and, of course the competitiveness.

In logistics companies the cooperation is one of the most important attribute, which let the companies to achieve their goals. It's noticeable that cooperation let the company to achieve the core competencies and in such way gives their client more satisfaction about the services and makes them loyalty to the firm. It's because cooperation know is appreciated and companies know that the long term relationship can make such a good result that probably would never be possible to achieve when working alone.

The purpose of this paper is to clarify the importance of the cooperation and its impacts to the logistics companies. The study tries to find if the cooperation can make a significant impact to the company's activities and how it is seen.

In this paper in case to reach the goals the first we analyze the definition of the cooperation that is used au-

thors in the literature. Also it is important to identify the most significant aspects and benefits of this behavior.

Later we identify the importance of the cooperation influence that is made to logistics company, which is introduced by mean of the decision tree analyze made by Duversula *et al.* (2006).

2. Definition of cooperation

“To be an effective competitor in the global economy requires one to be a trusted cooperator in some network” (Morgan & Hunt 1994). As those authors stated it is vital to change the business-to-business behavior into cooperative, because only in this way they can achieve superior results and create competitive advantages in today's market (Jap 1999; Panayides 2002; Ulaga 2003). So cooperation refers to situations in which parties work together to achieve the same goals, which results the greatest outcomes, which, probably would not be possible if the companies will act independently. Thus, mutual cooperation is defined as “similar or complementary coordinated actions taken by firms in interdependent relationships to achieve mutual outcomes or singular outcomes with expected reciprocation over time” (Anderson & Narus 1990). In addition to this, Smith and Barclay (1999) stated that cooperation aims is also a long-term relationship. According to Håkansson and Snehota (1995), cooperation is a characteristic of the interaction process and together with conflict forms the relationship atmosphere. Lages *et al.* (2008) argue that cooperation is achieved by the busi-

ness partners by information exchange about the core aspects.

Dwyer *et al.* (1994), Lancaster and Lages (2006) and Xu *et al.* (2009) characterize cooperation by the high level of trust. It means that the companies can make successful relationships only if they are confident, trustful and commitment. It can be called as the main aspect of the creation and development of the long term highly valued cooperation (Anderson & Narus 1990; Ganesan 1994). Morgan and Hunt (1994) suggest that cooperation requires the two parties in a relationship to participate actively to achieve mutual benefits and that cooperation promotes success in the relationship. Cooperation can then be defined as similar or complementary coordinated actions taken by firms in interdependent relationships to achieve mutual outcomes or singular outcomes with expected reciprocation over time (Anderson & Narus 1990).

As many authors stated (Holm *et al.* 1996; Leonidou *et al.* 2006; Leonidou *et al.* 2011), the cooperation between business partners is probably the core of international business. This is because of the interaction between them, coordinated activities, shared information and all the benefits they have get through this, like better outcome and the most important the competitiveness.

3. The importance of cooperation influence to Logistics Company

In today's global market it is vital to identify and to choose the activities that are different from the competitors. It is very important in each business sector and especially in logistics, where the services is probably everywhere the same, so the identification of the types of service attributes or offerings that the clients appreciate the most led to the success. In sum, an international logistics company must be concerned with how to construct a "system" of attributes that will be attractive and satisfying to customers and will be profitable.

So in this case the main attention is focused to the customer satisfaction, which is the main aspect of loyalty building. Customer satisfaction in the B2B sector with services (such as logistics operations) has become a key concern as the service sector continues to expand and competition among service providers intensifies (Durvasula *et al.* 2006). So it is important to identify the main aspects of customer satisfaction and the reasons why the customers appreciate them. Knowing the relative importance of those factors and reasons can provide valuable insight for international logistics firms in designing a more satisfying "system" of service attributes or features.

It is well known that in every business sector the prices are very important because of the purpose to reduce the costs. Also it is well known that the time is appreciated in all cases because of the fast manufacturing, just in time technology and also the same costs reducing. But it is not well known how cooperation and good relationships between the logistic company and the company-client affects the customer's loyalty.

4. Case study of the research

Below, there is shown the study of the large Singapore shipping company (Durvasula *et al.* 2006). The customers of it and the customers of the competitors were interviewed to reach out which attributes is the most important for them, when they are choosing the shipping company.

Personal interviews were conducted with 117 shipping managers, which are working in companies, which annual turnover is from 10 to 100 million dollars. Also those companies spend from 10000 to more than 100000 dollars to the logistics services per year. Most of them use logistics services continuously and just few of them - rarely.

So those companies' managers were asked to provide five reasons why they selected a certain shipping line to take care of their logistics requirements (Table 1).

Table 1. Summarized responses of reasons why choosing a particular shipping line (compiled by Durvasula *et al.* (2006))

	Percent of Cases
Competitive freight rate	69.0
Good service	50.0
Regular service	44.3
Short transit time	24.8
Good relationship/cooperation	24.3
Customer's choice	13.3
Punctual	12.4
Reliable/trustworthy	10.0
Speedy document	7.6
Good reputation	7.1
Prompt shipment	6.7
Wide network	4.3
Efficient	3.3
Gives me priority	3.3
Ample vessel space	2.4
Special equipmen	1.4
Other	1.4

As it is seen from the first table, the companies usually choose the logistics company because of their good freight rates. It is normal business practise. Also it is very important the good and regular service, which led to the long term relationship. And the last main reasons are fast delivery and cooperation, which, as we seen from the research is really accepted and valued of the customers.

Responses to the phase of the survey enabled researches to examine the relationship between the key service features and overall service satisfaction. For this reason, they analyzed the data using neural network analysis and decision trees. The neural network detects the best relationship between the seven service features and satisfaction based on supervised learning.

In the figure 1 there is based the analysis of the entire decision tree. The figure shows mean service satisfaction score and sample size for various nodes of the tree. For example, the mean service satisfaction for the root node consisting of a sample of 117 customers is 5.97. The improvement statistic shows the reduction in impurity when a parent node is split into child nodes. There are 7 terminal nodes for this tree. Mean satisfaction is the highest when customers have rated shipping firms favorably on relationship/cooperation, transit time, and freight rate.

Based on the model we can make a conclusion, that cooperation is one of the most important aspects in the logistics companies. And probably this aspect makes the most significant impact to the customer satisfaction and their loyalty.

5. The cooperation impact to logistic company

In practical, logistic companies try to compete with exactly the cooperation with their clients. That is because of the good and long term relationships the both companies can achieve their own goals. The logistics company wins the loyalty of the client and also receives a stable profit. Also thru the long communication it has acquire the good reputation, so when there is any problem it is easier to communicate with the client ant achieve the compromises.

In addition to this, the satisfied and loyal client gives recommendations to the others, so the customer base is always expanding. On the other hand the company - client can achieve the lower prices, better conditions, faster delivery and so on.

So the research has shown that firms need to concentrate on the concentrate and appropriate strategic position. In this way they can make activities more strengthening and more valued to those clients, who makes the best outcomes to the firm. The cooperation, good relationship with the clients is the main aspect of the appropriate and successfully strategic position.

Duversula *et al.* (2008) suggest to differentiate those most important attributes and in such way to make higher level of satisfaction and loyalty. Depending on this, it has been made a solution to combine the cooperation as the key attribute with the others that clients appreciate and put a lot emphasis on them. The right combination will not be easily copied and can bring a lot of benefits to the firm.

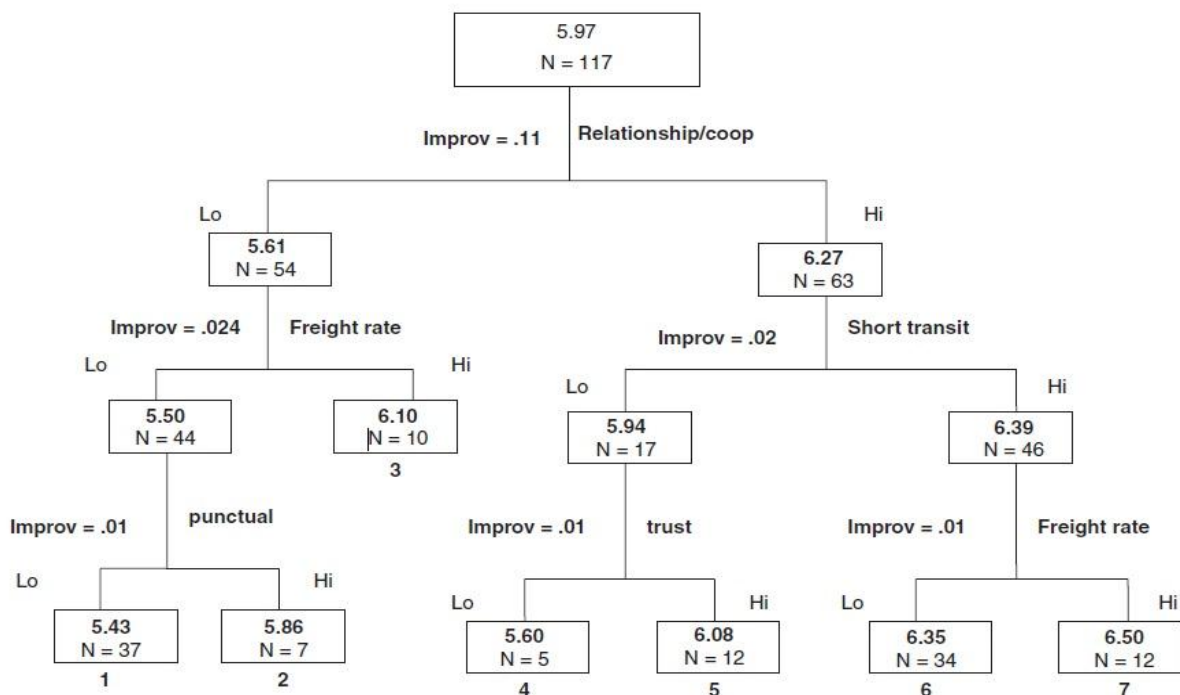


Fig. 1. Decision tree analysis (Durvasula *et al.* (2006))

6. Conclusions

1. Cooperation is such situation when parties work together, exchange information to achieve the same goals, which is not able to reach when working alone. The main advantages of this behavior is better results, competitive advantages. The cooperation is based on commitment and trust, so the partners should be chosen meticulously, their attitudes, values and the goals should be similar.
2. In the logistics company the cooperation is very important, because the services are very similar. So if the company want to have the competitive advantage the cooperation and good relationships are very important and could help to reach companies goals.
3. Based on the research model that was in this paper, it can be said that cooperation is one of the most important aspects in the logistics companies. And probably this aspect makes the most significant impact to the customer satisfaction and their loyalty.
4. In practical, logistic companies try to compete when all the attention is exactly on the cooperation with their clients. That is because of the good and long term relationships the both companies can achieve their own goals. The suggestion would be not to forget the other attributes that interactions with the clients could make the most significant effect and in this case, make company's strategy effective and positioning.

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BENDRADARBIAVIMAS IR JO SVARBA LOGISTIKOS ĮMONEI

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Santrauka

Dėl vis didėjančios konkurencijos bei bendradarbiavimo tarp įmonių svarbos, šiame straipsnyje analizuojami pagrindiniai verslo sektoriaus bendradarbiavimo aspektai bei jų teikiami privalumai. Straipsnio tikslas - išsiaiškinti kaip bendradarbiavimas įtakoja logistikos įmones, kokia jo svarba ir kiek tai taikytina įmonių veikloje. Išvados pateikiamos atsižvelgiant į pasirinktą tyrimą - situacijos analizę, kuris atskleidžia šio reiškinio svarbą. Taip pat asmeniniais stebėjimais paremtose išvadose nurodoma, kaip bendradarbiavimas įtakoja logistikos įmones, siūlomi sprendimai, galintys pagerinti veiklos rezultatus bei padidinti konkurencingumą.

Reikšminiai žodžiai: bendradarbiavimas, logistikos įmonės, konkurencingumas.