

Chapter 12

Investigating the Conflicts in a Multi-Actor Logistics Incident

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EXECUTIVE SUMMARY

The objectives of the case study are to highlight the possible challenges/disruptions arising from having a joint operation with multiple companies, to demonstrate operational problems encountered in the business process, and to illustrate the approach of the companies to the problems in this process and subsequent reconciliation process. Furthermore, this study aims to uncover conflict and power relations, which dominate the whole process between companies, based on some theoretical perspectives of power and conflict in distribution channels. By using a real case involving multiple players of the supply chain, this study contributes to transportation disruption and conflict management domains.

INTRODUCTION

Since organizations are formed as interdependent units and view the same issues through different lenses, conflict seems inevitable in the business environment. When conflict is not well-managed, it leads to negative consequences for all parties involved. Therefore, understanding conflict and its resolution can help parties to foster their relationships, especially in the service industry (Leung, 2009). Resolution of problems requires a range of coordination mechanisms, which are perceived as a prerequisite for integrating operations of supply chain entities to achieve common goals (Kanda & Deshmukh, 2008). In business transactions, conflicts may occur due to conflicting goals and objectives (goal conflict), disagreements over the domain of decisions and actions (domain conflict), and differences in perceptions of reality

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in joint decision making (perceptual conflict) (Wood et al., 2012). Conflicts pose a risk for the supply chain members and thereby, increase the level of vulnerability. These conflicts can disrupt supply chain operations and affect customer metrics such as on-time delivery and quality (Blackhurst et al., 2008). Supply chain disruptions may occur in various operations in supply, in transportation, at facilities, in freight, in communications, and in demand at diverse levels (Rice & Caniato, 2003).

Logistics and international transport provide one of the most important services in the modern globalized world. The management of the transportation process is intrinsically complex, as it comprises different types of flows among a large number of self-interested agents having distinctive roles and service quality levels (Reis & Macedo, 2019). In line with this, the complexity created by different factors in planning and organizing increases with a progressively higher number of linkages between partners in the transportation process (Creazza et al., 2010). Therefore, such interconnectivity and interdependence between partners trigger a high level of interaction, and affect the functioning of the networks (de Nooy et al., 2006). Moreover, this complexity may result in more frequent disruptions by increasing operational loads in terms of transaction and coordination costs (Iftikhar et al., 2022). This results in a range of challenges and problems in the management and execution of logistics services.

In the current supply chain literature, conflicts often arise in the context of single and dyadic relationships (Krafft et al., 2015) and single level perspectives including the organizational level or the individual level are more dominant (Reimann et al., 2017). However, disruptions and response processes are inherently a multi-level phenomenon (Lumineau et al., 2015), the advancement of conflict research requires moving beyond a single firm's perspective and integrating a multilevel lens incorporating perceptions of all partners. Apart from the dyadic relationship context (e.g., Feng et al., 2017; Liu et al., 2019; Fan et al., 2020; Loske, 2020; Cai et al., 2022), there is considerable conflict research in logistics service industry literature focusing on triadic (e.g., Jakubicek & Woudsma, 2011; Bolumole et al., 2016; Song et al., 2018; Deng et al., 2022; Hu et al., 2022) and quadratic or other myriad relationships (e.g., Liu et al., 2017; Lukinskiy & Pletneva, 2018; Wang & Vogt, 2019; Brettmo & Williamsson, 2020; Lindroth et al., 2020; Rogerson et al., 2022). In all of these types of B2B relationships, partnership success can be established through certain relational attributes, such as coordination, trust, commitment, and information sharing (Odonto et al., 2016; Abidi et al., 2019; Swierczek, 2020). Additionally, as a network theory supports, the network includes the inner workings of companies and vertical cooperative relations between firms, where "interaction", "relationship" and "network" are the main units of analysis (Sousa, 2010).

With the effect of globalization, the logistics sector witnessed a series of structural changes and international logistics operations became more complex. Considering the challenges in carrying out international transport effectively, global players started to outsource subsequent activities to their partners, subcontractors, or even other freight forwarders to integrate their efforts (Skiba & Karas, 2022). Therefore, we believe that more research is needed, particularly involving such complex transportation networks and focusing on disruptions in multi-actor transport, rather than single or dyadic contexts. In this regard, we discuss a multi-actor logistics incident that occurred in a Middle East logistics operation. More specifically, we address a transportation disruption, a temporary interrupted transit flow within a multi-actor setting, involving actors at different levels: shipper, importer, vessel-container operator, integrated logistics service providers, lashing service provider and transportation company. All actors in this case operate or/and have headquarters in the Middle East region. As stated in the related literature, transportation disruption, although quickly handled in this case, incapacitates the entire supply chain by causing late deliveries, operations shutdown, lost sales, and loss of reputation (Paul et al., 2019).

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