

# Research paper sheds new light on container terminal management

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The research results of a PolyU team have shed new light on buyer-supplier relationship (BSR) in container terminal operations. The findings, highlighting supplier commitment in BSR, were released through the *International Journal of Shipping and Transport Logistics (IJSTL)*.

Managing a BSR is challenging due to organisational differences in operations priorities and the challenge is salient in container terminal management where there are various upstream and downstream parties. "While previous studies focused on downstream management, i.e., the provision of container services, we looked into the upstream – supplier management – which is vital to achieving [performance goals](#)." Professor Edwin Cheng, Dean of the Faculty of Business and co-author of the article says.

In the present globalised market, managing BSR between container terminals, as buyers, and service providers of container terminals, as suppliers, is an important part of logistics management. Entitled "A study on the antecedents of supplier commitment in support of logistics operations", the paper addresses the queries of enterprises on factors that nurture and damage supplier commitment. Survey data collected from 358 service providers of a global container terminal operator show that "implicit contract" encourages while "business uncertainty" discourages supplier commitment.

"Implicit contract", which refers to mutual understanding and

expectations of partner firms of their roles and responsibilities in a BSR, contributes to developing a trusting relationship and strengthening cooperation between different parties. It complements explicit contract, which specifies the obligations of partner firms but does not take account of all the contingencies. Respondents of the survey evaluated their relationships with the container terminal operator in several key facets, including mutual understanding of remedies for failure, responsibilities of each party, coping with unplanned events, and handling and resolving disagreements.

"Business uncertainties" perceived by suppliers deter them from making long-term investment and accommodating the needs of buyers. To reduce uncertainty, it is recommended that buyers improve the transparency of information about sales volume, demand requirements, order size, and order cycle. The paper stresses the delivery of supplier inputs "at the right time in the right quality and quantity to fully satisfy the operations requirements of buying firms".

**More information:** The paper, published in *IJSTL* (Vol. 4, No. 1/ 2012, pp. 5–16), is co-authored by Dr Christina W. Y. Wong, Dr Kee-hung Lai, Dr Y. H. Venus Lun, and Professor Edwin Cheng of the Shipping Research Centre, Faculty of Business, PolyU.

Provided by Hong Kong Polytechnic University

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