

Signposts on the Path to Logistics Service Providers (LSPs) Entrenchment in Business Relationships: A Conceptual framework and Research proposal

Hassan AIT-AAZIZI

Laboratory of Economics and Organizational Management. Faculty of Economics and Management of Kenitra, Ibn Tofail University of Kenitra, Morocco

Mohamed Amine BALAMBO

Professor - Faculty of Law, Economics and Social Sciences of Marrakesh, Cadi Ayyad University of Marrakesh, Morocco

Abstract. Like the entrenched managers who manage to keep their positions despite corporate governance mechanisms, this paper aims to develop our understanding of the LSPs entrenchment process in business relationships, its initial conditions and its generative mechanisms by mobilizing the concepts of power and dependency in logistics outsourcing. The paper seeks to answer a central question about how the entrenchment of LSPs occurs and develops in business relationships, if attention were paid to the LSP's leadership in the relationship and its ability to balance power relations to entrench the shipper's dependency. To do, authors mobilize a theoretical framework of managerial entrenchment from the organizational finance and the power-dependency at inter-firm level and transpose the entrenchment theory to inter-organizational relationship in logistic. The Managerial interest of this research arises from the importance of modelling the LSPs entrenchment process to help shippers to monitor their growing dependency on LSPs and continuously map their power profile.

Keywords: *Entrenchment, Power, Dependency, Logistic outsourcing, Resources, Performance.*

1. Introduction

Logistics outsourcing is part a of inter-organizational relationships that involve a shipper decision (industrial or retailer) to hire a service provider to perform a logistics activity. Bask, (2001) defines logistics outsourcing as “*might be “relationships between interfaces in the supply chains and third-party logistics providers, where logistics services are offered, from basic to customized ones, in a shorter or longer-term relationship, with the aim of effectiveness and efficiency”.*” The logistic service provider (LSP) is “*an external provider who manages, controls, and delivers logistics activities on behalf of a shipper*” (Hertz & Alfredsson, 2003).

Over time and as logistics outsourcing grew and developed, the role of LSPs has begun to change accordingly. It shifted from “*traditional*” transportation and warehousing services to a wide range of “*innovative services with high value-added*” (Mir & al. 2021; Fulconis & al., 2016; Kacioui-Maurin, 2012; Fulconis & Paché 2005).

An LSP-shipper relationship is punctuated by two main moments: on the one hand, the selection of the LSPs and the signing of the contract, and on the other hand, the monitoring and a posteriori evaluation of the relationship (Sauvage, 2004). Several researches (Lazarotto & al, 2014; Ghodeswar & Vaidyanathan, 2008) have modeled the process and the typical phases of logistics outsourcing, from decision-making to management and performance assessment: (1) the pre-contract phase is the starting point of an outsourcing initiative in which the shipper determines the objectives, scope and feasibility of outsourcing, the service benchmark expected from the LSP; (2) the contract implementation and execution phase marks the transition of activities to the LSP and their ongoing monitoring and management; Finally (3) the post-contract phase, expiring contracts are evaluated. Shippers make decisions

about extending the contract, separating from the LSP to consider hiring another, or insourcing the activity.

Indeed, the renewal of a logistics outsourcing contract indicates the cyclical nature of the process. While the LSP-shipper relationship is determined by the strategic impact of the outsourced activity for the shipper and the degree to which the LSP can be substituted (Ghodeswar & Vaidyanathan, 2008), the focus of some LSPs is on contract extension and relationship sustainability, or even their entrenchment in the relationship. This notion of entrenchment LSPs, *“originating in organizational finance, may seem surprising and out of place, but it matches several known and previously analyzed management situations”* (Paché, 2016).

Just like business leaders who succeed in perpetuating themselves in their positions, LSPs deploy maneuvers arguing for a career strategy that is accomplished in a supply chain and advocate for long-term relationships to continue to reap benefits (Fulconis & al. 2017; Michon, 2014; Kacioui-Maurin, 2011; Fulnonis & al, 2011; Avignon 2009; Boissinot & Kacioui-Maurin, 2009; Medina, 2006; Paché & Medina, 2007). Paché & Medina's (2006) contextualization of the entrenchment theory in the LSP-shippers relationship revealed LSP entrenchment as a three-phase process: relationship enhancement, positive entrenchment, and embedded entrenchment. According to Avignon (2009), at the inter-organizational level, *“Entrenchment can be generated by relationships of trust, a 'win/win' situation where each party has an interest in seeing the relationship endure. But entrenchment can also exist in asymmetrical relationships with domination by one party”*.

Whatever the generating mechanism (domination or trust) and during the initiation phase of the relationship, the LSP values their resources and competencies and performs to initiate their entrenchment. This valorization serves as a springboard to rebalance the initially unfavorable power relations in their favor and to entrench themselves (Paché & Medina, 2006; Fulconis & al. 2017), concretize their position, militate for a muscular sense of job security and be protected while they may act covertly and subtly in their own interest (Jelinek, 2021).

The aim of this research is to develop our understanding of the LSPs entrenchment process in business relationships, of its initial conditions and of its generative mechanisms by mobilizing only concepts of power and dependency in logistics outsourcing. It seeks to explain how the entrenchment of LSPs occurred and developed in business relationships.

The managerial implication of this research is to help shippers to map the power and the dependency prior to the conclusion of logistics outsourcing agreement and throughout the contract, in order to identify early on the latent sources of LSP power, which may not emerge in contract negotiations, but which may later affect an expected change in the equilibrium/balance of power after the contract, as well as the milestones and triggers of their entrenchment.

2. The LSPs entrenchment and the nature of logistics outsourcing relationships: between power and dependence

The transposition of the theoretical framework of managerial entrenchment to the LSP-shippers relationship presupposes a homogeneity of concepts allowing to establish their similarity. As in the manager-shareholder relationship (agent-principal), the LSP-shippers relationship joins exactly a relationship between a principal and an agent, the unit of analysis of agency theory (Sauvage, 2004; Chanson 2003; Logan 2000; Poppo & Zenger 1998; Paché & des Garets 1997). According to Sauvage (2004), the LSP-shippers relationship fulfills the three conditions of an agency relationship (Eisenhardt, 1989): *“the existence of conflicts of*

objectives and opportunistic motives between the principal and the service provider, the existence of sufficient uncertainty about the revenues of the actors ..., and the difficulty of evaluating the behavior and performance of these actors” (Sauvage, 2004). Such a similarity that makes it theoretically permissible to change the unit of analysis and thus authorizes a transposition of entrenchment, an extension of agency, to the PSL-Shipper relationship. Assimilating individual behavior to organizational behavior is a risky approach, but as Paché & Medina (2006) have already pointed out, *“nothing indicates that the LSP top management will use the same resources to entrench its company in a relationship in order to self-entrenchment, nor even that it will always have the will to do so, given the amount of sunk costs sometimes involved”*.

a. Managerial entrenchment theory

The entrenchment theory (Meckling, 1976; Shleifer & Vishny, 1989) is an extension of the agency theory and assumes that agents develop strategies to secure their place in the organization, to increase the cost of their replacement and to oust potential competitors. This theory is based on two assumptions (Charreaux, 1997; 2015): (1) an active behavior of the manager, who tries to modify his environment in order to increase his power; and (2) the manager’s desire to increase his value in the eyes of the shareholders and the markets by improving his reputation. The literature distinguishes several strategies for entrenching executives and neutralizing disciplinary mechanisms: (1) leader-specific investments (Shleifer & Vishny, 1989); (2) information asymmetry (Shleifer & Vishny, 1989); (3) development of managerial skills (Castanias & Helfat 1991; 1992); (4) control of resources (Charreaux, 2015); (5) development of formal and informal relational networks (Charreaux, 1997; Pigé, 1998; Guermazi, 2006); and so on ...

The leader’s entrenchment is a process, its modes are variable during the career of a leader. Paquerot (1996) distinguishes three phases: (1) the valorization phase in the eyes of the shareholders or owners by mobilizing their skills and making profitable investments to improve the company’s performance. (2) the neutralization phase of control mechanisms by undertaking investments intended to increase the asymmetry of information with partners and widen one’s room for maneuvers and freedom in management; and finally (3) the consumption phase of power. This last phase may occur at the same time as the second phase, but not before the phase of valorization with shareholders and the firm’s various partners.

Entrenchment models in their original proposals assume inefficiency (Shleifer & Vishny, 1989; Jensen 1993), but the hypothesis of an associated entrenchment with efficiency is not to be ruled out (Charreaux, 2015; Gharbi & Lepers, 2008; Gharbi, 2004; Pichard-Stamford, 2000; Pigé, 1998; Castanias & Helfat, 1992).

b. LSP’s entrenchment

Like business leaders who succeed in perpetuating themselves in their positions, LSPs deploy maneuvers arguing for a career strategy that is accomplished in a supply chain and advocate for long-term relationships to continue to reap benefits (Fulconis & al. 2017; Michon, 2014; Kacioui-Maurin, 2011; Fulconis & al, 2011; Avignon 2009; Boissinot & Kacioui-Maurin, 2009; Medina, 2006; Paché & Medina, 2007).

Paché and Medina’s (2006) contextualization of entrenchment theory, in the LSP-shipper relationship, unveiled LSP entrenchment as a process marked by three major moments: relationship valorization, positive entrenchment, and deeply rooted entrenchment. According to Boissinot and Kacioui-Maurin (2009), (1) the first phase of relationship enhancement

“*aims to share the value created, to extend the contract, as well as to perpetuate the contract*”. (2) Positive entrenchment, in which “*entrenchment strategies can take the form of the implementation of specific assets or informational strategies aimed at developing the expertise of the third-party supplier*”. Finally (3) deeply rooted entrenchment which “*it is developed when the two organizations become interdependent, their power should balance out.*”

At the beginning of the relationship, the LSP typically has little leeway, requiring it to bolster its legitimacy by properly executing the outsourced activity and performing well. The LSP can use this phase of the relationship to enhance its value and build its reputation and rebalance power relationships and become entrenched (Fulconis & al., 2017; Paché & Medina, 2006).

c. Power and dependency in the PSL-loader relationship

All definitions of power emphasize the “ability” of an actor to modify the choices of other actors with or without their consent (Cox, 2001; Crozier & Friedberg, 1977; Dahl, 1957). At the inter-organizational level, power is captured in two ways (Filser, des Garets & Paché, 2001): in terms of dependence (Emerson, 1962) and/or according to its sources (reward, expertise, reference value, legitimacy and sanction) originally developed by French & Raven (1959) and later re-examined by Hunt and Nevin (1974) and Etgar (1979).

Cox & al (2002) define inter-organizational power as “*the ability of a firm to own and control critical assets in the market and supply chains that allows it to sustain its ability to appropriate and accumulate value for itself by constantly leveraging the actors in the chain*”.

As for dependence, Pfeffer and Salancik (1978) evaluate dependence in terms of: (1) the importance of the resource for the dependent actor; (2) the exclusive or non-exclusive nature of the actor who can provide the resource; and (3) the extent of that actor’s power over the resource.

As for the sources of power, French and Raven (1959) established a typology that has been taken up in numerous contributions, notably that of Hunt and Nevin (1974). These sources of power are now grouped by Hunt and Nevin (1974) into two categories, coercive sources (sanction) and non-coercive sources (reward, expertise, reference value and legitimacy). In addition to these behavioral and organizational sources, further studies (Crozier & Friedberg, 1977; Cox, 2001) added other sources based on the control of resources.

In her work on power and leadership at the inter-organizational level, Bonet-Fernandez (2009) synthesizes and classifies the different sources of power linked to the interplay of actors (rewards, sanctions, reference value and legitimacy, communication or use of organizational rules) and those linked to the control of resources (expertise, control of information, access to the market, diversification, size...). Power is apprehended through the interplay of actors in the distribution channels, through the dependence of resources in the supply chain.

d. LSPs entrenchment between actor games & resources control

The LSP is not considered the “strategic leader” of the supply chain since it does not possess strategic decision-making power, but an “operational leader”, who enjoys the powers of legitimacy, of reference and of expertise allowing it to make “operational decisions” (Fulconis & Paché, 2011; Bonet Fernandez & Boissinot, 2012).

In the sense of Pfeffer Salancik (1978), reducing its initial dependence and amplifying the one of the shippers then becomes “a latent or patent objective” of the LSP. The latter will seek to assert its skills and expertise and use its power of reference to create “negotiated environments” with the shipper in the sense of Cyert and March (1963). The exercise of non-coercive power by LSPs is a sign of their good faith (Doney & Cannon, 1997), and of the importance they place on the relationship and its long-term development. It also indicates the LSP’s willingness to provide beneficial assistance to its charger (Zhuang & al., 2010), through the provision of expertise, physical and human assets.

When the power of the shipper is deemed excessive, the LSP may develop counter-power in Galbraith’s¹ sense (Noireaux & Poirel, 2014; Filser & Paché, 2008; Cola, 2007; Dapiran & Hogarth-Scott, 2003; Filser, 1989). His counter-power strategies aim at modifying the initial power structure and balancing the relationships.

Like a leader who becomes entrenched in an organization through his or her power to influence stakeholders, the LSP “...might exclusively hold skills, specific know-how that could expose the shipper to risks related to the loss of control and power” (Boissinot & Kacioui-Maurin, 2009). However, the expansion of supply, combined with the sophistication of logistics processes, constantly gives LSPs control over activities that shippers no longer control (Bolumole, 2003; Fulconis & al, 2017), and for some providers (3PLs² and 4PLs³) the “attributes of leadership” to influence its supply chain (Bonet-Fernandez & Boissinot, 2012).

To entrench by spotlighting one’s skills to rebalance the power relations and specially to increase interdependence is in order for the LSP (Paché & Medina, 2006). Generally, to capture the evolution of the LSP-shipper relationship over time on the one hand and entrenchment on the other, dependence, interdependence, power, and counter-power are significantly important.

3. The LSP entrenchment Process: Proposals and Conceptual Research Model

The LSP’s entrenchment is a dynamic process that begins at the contract stage and then developed according to the relational life cycle. Through its strategic intelligence, the LSP mobilizes its resources in order to gradually increase its value to shippers. The LSP, with its patience, strategic closeness and inventive spirit, anticipates and satisfies the shipper’s new needs as they become more sophisticated (Paché & Medina, 2006), in order to successfully extend the contract. The expertise demonstrated by the LSP at this stage is sufficient to encourage the shipper to identify other appropriate processes and to expand the scope of outsourced activities. Although it would be awkward to generalize such a path, this research believes that if the LSP reaches this stage, it engenders a mutually dependent relationship in

¹ Galbraith (1956) initiated the concept of “counter-power”. He believes that the existence of strong market power in an economic system legitimizes the emergence of a counter-power contrasting it, or even neutralizes it (Colla, 2007). According to Galbraith (1956) “any economic power deemed excessive is or will inevitably be defeated by a counter-power emanating from those who suffer it” (Filser & Paché, 2008:125).

² The 3PLs is “a specialized supplier who doesn’t only execute the function but also plans it and links it with the other parts of the chain. The 3PL can use its own means or call on an executor, thus dematerializing the links between its client, its logistics function and its various functions” (Langlet, 2006:80).

³ 4PLs are true “developers of turnkey solutions” (Roques & Michrafy, 2003:173), participating in the development of logistics plans, referred to as “fourth party logistics”. This family of actors concerns LSPs “without material assets whose mission is to manage the design, to control and to manage of a wide range of logistics services on behalf of other companies, through integrated services” (Saglietto, 2009:19)”. (Kacioui-Maurin, 2012:22).

which it requires latitude and freedom of action in the relationship, rebalances the initially unfavorable power relationships, and strengthens the interdependence with the shipper in view of a potential entrenchment through the skills developed (Fulconis & al. 2017; Fulconis & al. 2011; Paché & Medina, 2006).

The LSP entrenchment generates plural effects. This research supports the idea that there is a “benign” facet of entrenchment with “optimal level” corollary with shipper-perceived logistics performance. Its acute and “malignant” facet is reminiscent of the shipper’s “partnership angelism” to refer to Joffre (1998). “Benign” or “malignant”, the LSP’s entrenchment remains a “neoplasm” to be avoided from a shipper’s perspective. Shippers must keep LSPs engaged and not entrenched (Jelinek, 2014; 2021). The conceptual model of this research will provide signals that precede the LSP entrenchment occurred covertly but deliberately.

a. Initials conditions of LSPs Entrenchment

Logistics outsourcing traditionally follows a strict pattern in which the LSP plays the role of executor with a result obligation (Chanson, 2003). The LSP entrenchment in the relationships established with shippers is a process that begins at the time of the contract and the modes of rooting vary over the duration of the collaboration with the shipper (Paché & Medina, 2006).

In the logistics outsourcing context, Fulconis & al, (2011) emphasize that company entrenchment (LSP or shipper) emanates from its willingness and its interest to continue to enjoy the benefits of the relationship as long as possible. Avignon (2009) modeled the entrenchment process from a legal perspective with a focus on the duration of the relationship in the legal setup of logistics outsourcing. A long-term contract presumes entrenchment, and a short-term contract reflects a possible renegotiation with the possibility of ending the relationship permanently.

***Proposal 1:** The entrenchment process is initiated at the time of the contract and emanates from the LSP’s willingness and interest in developing a long-term relationship with its shipper-customer.*

b. Mobilization of resources to make itself “difficult” to replace

At the beginning of the relationship, the power balance is favorable to the shipper, because “*it is based on his low dependence on the LSP*” (Paché & Medina, 2006) and the nature of the LSP-shipper relationship is transactional, with a low risk of non-execution, and the degree of innovation is progressive (Ghodeswar & Vaidyanathan, 2008). The relationship always carries risks of hiring another provider or risks of the shipper taking over the business despite the high reintegration costs that will have to be borne. In order to achieve rooting, it is necessary to first achieve symmetry of dependence (Paché & Medina, 2006). Over time, the LSP acquires power by mobilizing its resources, particularly human resources and its expertise, which concerns “*the possession of a skill or a functional specialization that is difficult to replace*” (Crozier & Friedberg, 1977). If expertise is associated with successful attempts to influence (Busch & Wilson, 1976), the expertise of the LSP may be an important factor in the receptivity of shippers to maintaining the relationship. The 3PL and 4PL model, is one of the “*most iconic illustrations*” (Fulconis & al., 2017). As the leader entrenchment, the LSP’s position is therefore linked to the performance achieved in meeting and exceeding goals (Deepen & al. 2008). This position represents the major determinant for LSP

entrenchment. However, performance can thus be used at this level by the LSP as a tool to reinforce the opacity of its evaluation by the charger.

Proposal 2: *In order to entrench, the LSP mobilizes its resources to achieve performance in order to “weaken” the control mechanisms (stage 1), balance the power relationships and anchor the shipper’s dependence (stage 2) in order to increase the switching costs linked to its replacement.*

i. Mobilizing resources to achieve performance

As soon as it is selected to carry out the outsourced activity, the LSP puts forward its resources and skills to prove to its client that it is useful, even indispensable; and depending on the performance achieved, the loader will value the relationship (Paché & Medina, 2006). The achievement or even the exceeding of objectives reinforces the opacity of its evaluation by the shipper who becomes more and more dependent insofar as the LSP that can create a higher value and thus allow the shipper to achieve their objectives dependent on logistics outsourcing (Deepen & al. 2008; Prockl & al. 2012). This value includes not only its purely financial translation through the sharing of the value created, but also the tangible and intangible resources mobilized (Huo & al. 2015). The dependence on goals produces an intrinsic motivation to keep the relationship stable in the long run and thus likely to expand the portfolio of outsourced activities (Hofer & al.,2009; Hofer, 2015). This goal dependency even leads shippers to invest additional specific assets and other cooperative actions with LSPs (Lai & al., 2013).

Proposal 2.1: *The LSP mobilizes its resources to achieve performance in order to “weaken” control mechanisms (stage 1)*

ii. Rebalance the power relations

Since the LSP often does not attempt to dominate the relationship from the outset, he is satisfied with a balanced relationship in order to continue receiving benefits. This situation is advantageous for the shipper. The idea of a “*rebalancing*” must be put into perspective today with the evolution of the LSPs’ status from a “*simple executor*” without control in the design of the shipper’s logistics chain to an “*expert status*” proposing technical and often personalized solutions to optimize the logistics activity for which it is responsible (Fulconis & al., 2017).

To anchor this dependency, LSPs are called upon to provide high value-added services to the shipper that would be able to perform alone (Berglund & al., 1999; Deepen & al., 2008). LSPs can proceed in a number of ways: (1) the development of competences within the same activity; (2) the integration of other activities and propose an innovative global offer (Kacioui-Maurin 2012); (3) the ability to integrate all supply chain partners at the national and international level (Mir & al. 2021).

As the shipper gains knowledge of higher-level tasks that can be outsourced, the scope expands to further strengthen the relationship and the LSP functions as an extension of the shipper, boundaries disappear, and permanent teams work on both sides to strengthen efforts (Lazzarotto & al., 2014). Joint initiatives are taken to realize the full potential of both organizations with the goal of a long-term relationship leading to integrated operations and improved ROI (Prockl & al., 2012; Lai & al., 2013). Shippers may consider seeking a single

source of delivery (current LSP), as very few LSPs can reach this stage and sustain it thereafter (Ghodeswar & Vaidyanathan, 2008). This is what Williamson (1985) calls “fundamental transformation”. With this notion, Williamson (1994) specifies: “*that a situation that initially presents a large number of suppliers does not necessarily imply that the same situation will be maintained later on*”. As soon as the first LSP invests in specific human or physical resources and assets, its potential competitors are at a disadvantage and will no longer be on an equal footing with it, even if the initial contract comes to an end and the shipper seeks another LSP. The market situation changes from a competitive situation with a large number of potential suppliers (LSP selection phase) to a situation with a small number of possible offers. In other words, the LSP that has invested, like its client-loader, is not substitutable without sunk costs. It thus has immunity and a “*first mover*” advantage in the sense of Williamson (1975) and reduces the chances of winning subsequent contracts from potential LSPs.

This creates a relationship of interdependence. Neither the shipper nor the LSP has any interest in the relationship reaching its end.

Proposal 2.2: *The LSP mobilizes its resources to balance power relations and anchor the shipper’s dependence (Stage 2) in order to increase the costs associated with its replacement.*

iii. Entrench the shipper dependence

According to Barbat (2011), “*...the power of one organization over another is never total. Each actor in the relationship holds a piece of it*”. Over time, LSP-loader relationships can change, and this change is dependent on changes in power and dependency relationships (Cox, 2004). It is important to note that dependency is not a zero-sum game (Hofer 2015) and mutual dependency is not limited to dependency-balanced dyads (Casciaro & Piskorski, 2005). LSP-shipper relationships involve power asymmetries, which can be exploited to capture rents within the relationship (Denicolai & al, 2015; Strange, 2011; Hingley, 2005; Cox, 2001).

Schelling (1960) developed an analysis related to the “*paradox of the weak*” who “*wins by tying his hands*” (Fridberg, 1993). To reduce its situation of dependence and plead for a multi-year collaboration, the LSP tries to “*rebalance*” the relationship by mobilizing its resources and skills and also capitalizing on the organization that has been able to impose from the contract. On this condition, the collaboration with the LSP becomes necessary for the shipper since it allows him to benefit from a “*know-how*” that he does not generally possess and that stopping it suddenly could generate major dysfunctions.

In the sense of Pfeffer Salancik (1978), reducing his (initial) dependence and increasing that of the shippers is “*a latent or patent objective*” of the LSP. The latter will seek to anchor goal dependency in the shipper initially and further accentuate its difficulty in considering alternatives (switch dependency) (Huo & al. 2015). This switch dependency situation in the sense of (Huo & al. 2015) refers to the magnitude of the difficulty of changing the LSP and generates barriers for shippers to choose other alternatives. The more specific resources are invested, the more it is difficult for shippers to switch LSPs due to the high transfer costs. Thus, the resources invested prevent shippers from ending their relationship with LSPs. In this situation of lock-in and difficulty for the shipper to consider alternatives, the LSP can use its benefit in the relationship opportunistically to reach a phase of embedded entrenchment in the sense of Paché and Medina (2006; 2007).

Proposal 2.3: *The evolution of the LSP entrenchment process allows to perceive a relative decrease in stage (1) as the stage (2) becomes more important, without the other being completely obscured.*

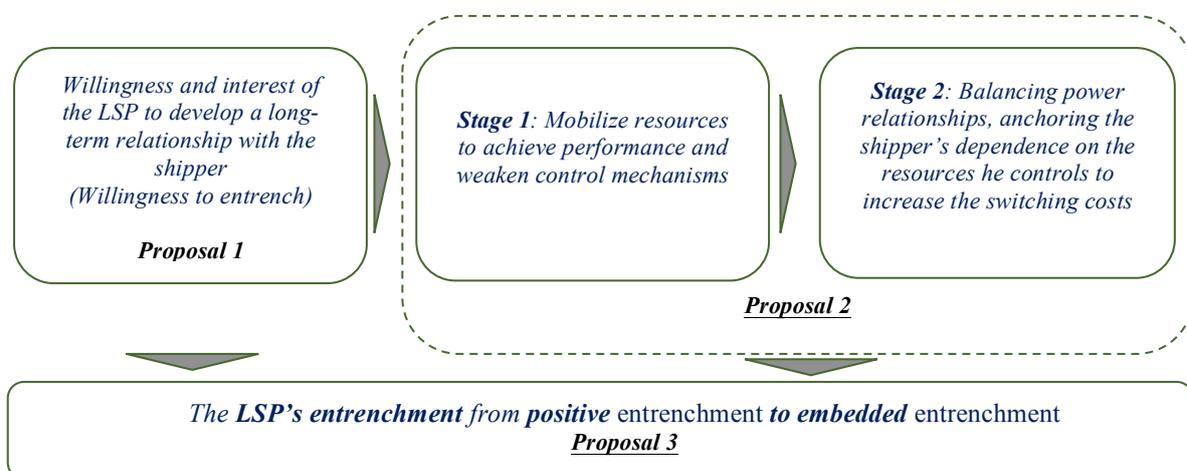
c. LSPs entrenchment and potential risks!

The LSP-shipper relationship is determined by the strategic impact of the outsourced activity for the shipper and the degree to which the LSP can substitute (Ghodeswar & Vaidyanathan, 2008). Entrenchment explains more precisely the propensity of the LSP’s durability of collaboration with its shipper-customer and the expansion of its bargaining power to make itself indispensable and consolidate its position by increasing the cost of its replacement. The challenge is to cut short any desire to hire another service provider or to re-internalize the activity by shippers. It should be noted that “... *the level of entrenchment of a logistical relationship is measured by the degree of difficulties met by firms to bring it to an end. Such difficulties may arise from the benefits the relationship provides or from the appropriation of gains by the firm adopting an opportunistic approach.*” Paché & Medina, 2007).

In this logic and from a loader point of view, the LSP entrenchment can be beneficial or harmful. Paché and Medina (2006), warned that when performance no longer improves and the value added generated is reduced, the relationship goes beyond the ideal entrenchment and enters the phase of deep entrenchment. Value creation and outsourcing-dependent performance are corollary to “beneficial” entrenchment, otherwise LSP entrenchment is detrimental to shippers. This paper supports the existence of a relationship between entrenchment and performance with a threshold effect on the one hand; as well as the degree of difficulty of the shipper in considering alternatives on the other hand: it is only at a certain point in the life cycle of the relationship that entrenchment becomes detrimental.

Proposal 3: *There is a continuum from positive “legitimate – beneficial” entrenchment compatible with performance to amplified “illegitimate - harmful incompatible with performance” entrenchment. Only at a certain point in the relationship would LSP’s entrenchment become detrimental to the charger.*

d. Conceptual research model



Source: Authors

The theoretical developments above bring the theoretical elements to develop the research framework to model the process of the LSP entrenchment: initiated from the contract (*proposal 1*), then develops according to the relational life cycle; by mobilizing resources, emphasizing competencies and performance achievement to “rebalance” the power and reinforce the interdependence or even dependence of the charger for positive entrenchment (*Proposal 2*). The shift to a state of power imbalance favorable to the tLSP and its entrenchment over time cannot be excluded (*Proposal 3*). However, the shipper’s tolerance for their LSP’s behavior may also increase as they become more dependent on the relationship (Grandinetti, 2017). At this level, if the entrenchment strategies deployed by the LSP do not succeed in balancing the power over time, conflicts could emerge and bring the relationship to an end. (Medina, 2006).

In the same way that managerial entrenchment can affect the long-term relationships between the firm (shareholders/owners) and its managers (Lagmango, 2020; Charreaux, 2015; Gharbi, 2004; Paquerot, 1996; Shleifer & Vishny 1989), the LSP entrenchment can also affect the relationships formed with shippers in the long term (Jelinek, 2014, 2021; Avignon, 2009; Boissinot & Kacioui-Maurin, 2009; Paché & Medina, 2006, 2007). The entrenchment theory captures the issues related to the long-term orientation of the relationship for the LSP as well as the shipper’s interest in inscribing the business relationship with its provider over the long term. Fulnonis & al, (2011) warn that the power derived from the entrenchment of a company (LSP in the case of this research) in a logistics outsourcing relationship can be “a performance lever” or causing a “wrecking ball” of the relationship.

4. Interest, limits and research perspectives

The main theoretical interest of this research on the transposition of entrenchment to the inter-organizational level and the entrenchment of LSPs in relationships with shippers is explained by the limited number of the research works, with the exception, to our knowledge, of the research by Medina (2006), Paché & Medina (2006 ; 2007), Avignon (2009), Boissinot & Kacioui-Maurin (2009) and Fulnonis & al, (2011) having contextualized the entrenchment theory in the LSP-shipper relationship and those of Jelinek (2014, 2021) in the supplier-customer relationship (B to B relationship).

The real managerial interest arises from the importance of modelling the LSP entrenchment process to help shippers monitor their growing dependency on LSPs and continuously review their power profile in relation to their LSPs (Ibrahim & Altahawi, 2018). It is crucial for shippers to map power and dependency prior to contracting outsourcing and even more so during the provider relationship (Ibrahim & Altahawi, 2018; Huo & al., 2017; Handley & Benton, 2009; Caniëls & Roeleveld, 2009).

The conceptual model derived from the synthesis of the mobilized literature, is far from being “holistic” of the phenomenon and has limitations: The first is inherent in any multi-stage sequential model; indeed, reducing a dynamic process to a layered explanation of stages involving stop-start sequences does not capture the reality of a fluid process. Regarding the second limitation, the model overlooks other important angles of attack in this process and complementary to the theoretical framework mobilized, which is relational governance (emphasis on commitment and governance of relationships with a focus on trust) and negotiation (distributive and integrative) throughout the collaboration period.

Furthermore, in future researches, it might also be interesting to capitalize on these results and propose a research agenda to: (1) broaden the framework of LSP’s entrenchment, incorporating other concepts such as trust, commitment, distributive and integrative

bargaining; (2) adopt longitudinal methodological designs to understand LSP entrenchment; (3) propose a reliable and valid measure of entrenchment at the inter-organizational level.

5. References

- Avignon, S. (2009). La question de la durée et de l'adaptabilité des contrats d'externalisation : le point de vue d'un juriste. *Logistique & Management*, 17(1), 19-30.
- Barbat, V. (2011). Vers une meilleure compréhension des relations client-fournisseur d'interdépendance. *Logistique & Management*, 19(1), 27-39.
- Bask, A. H. (2001). Relationships among TPL providers and members of supply chains—a strategic perspective. *Journal of Business & Industrial Marketing*.
- Berglund, M., Laarhoven, P. V., Sharman, G., & Wandel, S. (1999). Third-party logistics: is there a future? *The international journal of logistics management*, 10(1), 59-70.
- Boissinot, A., & Kacioui-Maurin, E. (2009). L'innovation envisagée comme une stratégie « d'enracinement » dans le canal de distribution par le prestataire de services. *Logistique & Management*, 17(2), 7-16.
- Bolumole, Y. A. (2003). Evaluating the supply chain role of logistics service providers. *The International Journal of Logistics Management*, 14(2), 93-107.
- Bonet Fernandez, D. (2009), Pouvoir et leadership dans la supply chain, *Humanisme et Entreprise*, n° 294, pp. 1-16.
- Bonet Fernandez, D., & Boissinot, A. (2012). Quel leadership pour les prestataires de services logistiques dans la supply chain de l'automobile ? *Logistique & Management*, 20(2), 31-40.
- Bonet Fernandez, D., Capo, C., & Costa, L. O. (2013). Nature du leadership dans la supply chain de distribution : les cas du Brésil et du Japon.
- Bonet Fernandez, D., Chanut, O., Fulconis, F., Paché, G., Poirel, C., & Serrano-Archimi, C. (2010). Capacité de réactivité des réseaux de franchise en contexte de crise. Rapport réalisé pour le compte de la Fédération Française de la Franchise.
- Busch, P., & Wilson, D. T. (1976). An experimental analysis of a salesman's expert and referent bases of social power in the buyer-seller dyad. *Journal of marketing research*, 13(1), 3-11.
- Caniels, M. C., & Roeleveld, A. (2009). Power and dependence perspectives on outsourcing decisions. *European Management Journal*, 27(6), 402-417.
- Casciaro, T., & Piskorski, M. J. (2005). Power imbalance, mutual dependence, and constraint absorption: A closer look at resource dependence theory. *Administrative science quarterly*, 50(2), 167-199.
- Castanias, R. P., & Helfat, C. E. (1991). Managerial resources and rents. *Journal of management*, 17(1), 155-171.
- Castanias, R. P., & Helfat, C. E. (1992). Managerial and windfall rents in the market for corporate control. *Journal of Economic Behavior & Organization*, 18(2), 153-184.
- Chanson, G. (2003). Externalisation et performance dans la relation client-prestataire. *Revue française de gestion*, (2), 43-54.
- Charreaux, G. (1996). Pour une véritable théorie de la latitude managériale et du gouvernement des entreprises (No. 0960601). Université de Bourgogne-CREGO EA7317 Centre de recherches en gestion des organisations.

- Charreaux, G. (2015). Pour une véritable théorie de la latitude managériale et du gouvernement des entreprises. *Revue française de gestion*, 41(253), 189-212.
- Cola, E. (2007). Le contre-pouvoir de la distribution: une synthèse des théories économiques et de marketing des canaux. Actes des 1ères journées de recherche Relation Industrie et Grande distribution Alimentaire (ComIndus 2007), Avignon.
- Cox, A. (2001), Understanding Buyer and Supplier Power: A Framework for Procurement and Supply Competence, *The Journal of Supply Chain Management*, Vol. 37, N°2, pp. 8-15.
- Cox, A. (2004). The art of the possible: relationship management in power regimes and supply chains. *Supply chain management: an international journal*.
- Cox, A., (2001), The Power Perspective in Procurement and Supply Management, *The Journal of Supply Chain Management*, vol. 37, n° 2, pp. 4-7.
- Cox, A., Ireland, P., Lonsdale, C H., Sanderson, J., et Watson, G., (2002), *Supply Chains, Markets and Power. Mapping buyer and supplier power regimes. Routledge studies in Business Organization and Networks*.
- Crozier, M., Friedberg, E., (1977), *L'Acteur et le Système*, Editions du Seuil, Paris.
- Cyert, R. M., & March, J. G. (1963). A behavioral theory of the firm (Vol. 2, No. 4, pp. 169-187).
- Dahl, R. A. (1957). The concept of power. *Behavioral science*, 2(3), 201-215.
- Dapiran, G. P., & Hogarth-Scott, S. (2003). Are co-operation and trust being confused with power? An analysis of food retailing in Australia and the UK. *International Journal of Retail & Distribution Management*.
- Deepen, J. M., Goldsby, T. J., Knemeyer, A. M., & Wallenburg, C. M. (2008). Beyond expectations: an examination of logistics outsourcing goal achievement and goal exceedance. *Journal of business logistics*, 29(2), 75-105.
- Denicolai, S., Strange, R., & Zucchella, A. (2015). The dynamics of the outsourcing relationship. In *The future of global organizing*. Emerald Group Publishing Limited.
- Doney, P. M., & Cannon, J. P. (1997). An examination of the nature of trust in buyer-seller relationships. *Journal of marketing*, 61(2), 35-51.
- Eisenhardt, K. M. (1989). Agency theory: An assessment and review. *Academy of management review*. 57-74.
- Emerson, R. M. (1962). Power-Dependence Relations. *American Sociological Review*, 27(1), 31-41.
- Etgar, M. (1979). Sources and types of intra-channel conflict. *Journal of retailing*, 55(1), 61-78.
- Filser, M. (1989). *Canaux de distribution : description, analyse, gestion*. Paris: Vuibert.
- Filser, M., & Paché, G. (2008). La dynamique des canaux de distribution. *Revue française de gestion*, (2), 109-133.
- Filser, M., Des Garets, V., & Paché, G. (2001). *La distribution : organisation et stratégie*, eds EMS. Management et Société, Paris.
- French, J., Raven, B. H., (1959), The Bases of Social Power, in D. Cartwright, *Studies in Social Power*, Ann Arbor: University of Michigan Press, p. 150-167.
- Friedberg, E. (1993). Le pouvoir et la règle, *Dynamiques de l'action organisée*, Le Seuil, coll. Sociologie.
- Fulconis, F., & Paché, G. (2005). Piloter des entreprises virtuelles. *Revue française de gestion*, (3), 167-186.

- Fulconis, F., Merminod, N., & Paché, G. (2017). Compétences de coordination des Prestataires de Services Logistiques (PSL): l'action collective au cœur des chaînes logistiques. HAL.
- Fulconis, F., Nollet, J., & Paché, G. (2016). Purchasing of logistical services: a new view of LSPs' proactive strategies. *European Business Review*. Vol. 28, No. 4, p. 449-466.
- Fulconis, F., Paché, G. et Roveillo, G. (2011), La prestation logistique : origines, enjeux et perspectives, Éditions Management & Société, Caen.
- Gharbi, H. (2004). Vers une nouvelle typologie de l'enracinement des dirigeants. In *Conférence Internationale de Management Stratégique*.
- Gharbi, H., & Lepers, X. (2008). Actionnariat salarié et enracinement des dirigeants : un essai de compréhension. *Innovations*, (1), 121-146.
- Ghodeswar, B., & Vaidyanathan, J. (2008). Business process outsourcing: an approach to gain access to world-class capabilities. *Business process management journal*.
- Grandinetti, R. (2017). Exploring the dark side of cooperative buyer-seller relationships. *Journal of Business & Industrial Marketing*.
- Guermazi, A. (2006.). Enracinement des dirigeants : Cas de la Tunisie. In *Comptabilité, Contrôle, Audit et Institution (S)* (Pp. Cd-Rom).
- Handley, S. M., & Benton Jr, W. C. (2009). Unlocking the business outsourcing process model. *Journal of operations management*, 27(5), 344-361.
- Hertz, S., & Alfredsson, M. (2003). Strategic development of third party logistics providers. *Industrial marketing management*, 32(2), 139-149.
- Hingley, M. K. (2005). Power imbalanced relationships: cases from UK fresh food supply. *International Journal of Retail & Distribution Management*.
- Hofer, A. R. (2015). Are we in this together? The dynamics and performance implications of dependence asymmetry and joint dependence in logistics outsourcing relationships. *Transportation Journal*, 54(4), 438-472.
- Hofer, A. R., Knemeyer, A. M., & Dresner, M. E. (2009). Antecedents and dimensions of customer partnering behavior in logistics outsourcing relationships. *Journal of Business Logistics*, 30(2), 141-159.
- Hunt, S. D., & Nevin, J. R. (1974). Power in a channel of distribution: sources and consequences. *Journal of marketing Research*, 11(2), 186-193.
- Huo, B., Liu, C., Chen, H., & Zhao, X. (2017). Dependence, trust, and 3PL integration: an empirical study in China. *International Journal of Physical Distribution & Logistics Management*.
- Huo, B., Liu, C., Kang, M., & Zhao, X. (2015). The impact of dependence and relationship commitment on logistics outsourcing: Empirical evidence from Greater China. *International Journal of Physical Distribution & Logistics Management*.
- Ibrahim, S. E., & Altahawi, K. F. M. (2018). Opportunism and the dynamics of strategic outsourcing relationships. *Journal of Global Operations and Strategic Sourcing*.
- Jelinek, R. (2014). Beyond commitment: entrenchment in the buyer-seller exchange. *Journal of Personal Selling & Sales Management*, 34(4), 272-284.
- Jelinek, R. (2021). Loyalty or lethargy? Keeping sellers committed, not entrenched. *Business Horizons*, 64(1), 61-71.

- Jensen M. (1993). The modern industrial revolution, exit, and the failure of internal control systems. *Journal of Finance*, vol. 48, n°3, p. 831-880.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of financial economics*, 3(4), 305-360.
- Joffre, P. (1998). Innovations et réduction des coûts de transaction : vers des réseaux marchands. Wickham, S., Joffre, P. (sous la direction de), *Le marché demain*, Editions EMS, 23-43.
- Kacioui-Maurin, E. (2011). Exploration et exploitation, les formes d'ambidextrie organisationnelle dans l'innovation de services : le cas des prestataires de services logistiques (Doctoral dissertation, Aix-Marseille 2).
- Kacioui-Maurin, É. (2012). L'innovation des prestataires de services logistiques: entre opportunités et contraintes. *Logistique & Management*, 20(2), 21-30.
- Kacioui-Maurin, É. (2012). L'innovation des prestataires de services logistiques: entre opportunités et contraintes. *Logistique & Management*, 20(2), 21-30.
- Lagmango V. L. (2020), Enracinement et opportunisme du dirigeant: une lecture dans les entreprises publiques au Cameroun. *Revue Internationale des Sciences de Gestion*, 3(2).
- Lai, F., Chu, Z., Wang, Q., & Fan, C. (2013). Managing dependence in logistics outsourcing relationships: evidence from China. *International Journal of Production Research*, 51(10), 3037-3054.
- Langlet, V. (2006). Peut-on faire confiance à son prestataire? Application à la prestation logistique. *Logistique & Management*, 14(2), 79-93.
- Lazzarotto, B. O., Borchardt, M., Pereira, G., & Almeida, C. (2014). Analysis of management practices in performance-based outsourcing contracts. *Business Process Management Journal*.
- Logan, M. S. (2000). Using agency theory to design successful outsourcing relationships. *The International Journal of Logistics Management*.
- Medina-Zamora, P. (2006). La pérennisation de la relation entre le chargeur et son prestataire logistique : une explication par la contextualisation de l'enracinement (Doctoral dissertation, Aix-Marseille 2).
- Michon, V. (2014). Le rôle du prestataire de services logistiques dans l'émergence des cas de mutualisation logistique concertée: application à la relation industrie-grande distribution alimentaire en France (Doctoral dissertation, Aix Marseille Université).
- Mir, A., Lazaar, S., & Balambo, M. A. (2021). Le prestataire de services logistiques comme intégrateur de chaîne. *Constats sur un marché émergent. European Review of Service Economics and Management*, 2021(12), 69-91.
- Noireaux, V. (2006), L'émergence d'un leadership reconnu dans le canal de distribution inversée: le cas des déchets industriels, *Revue Francophone d'Écologie Industrielle*, n° 44, pp. 21-22.
- Noireaux, V. & Poirel, C. (2009). Pouvoir et leadership dans les canaux de distribution : la logistique face aux jeux des acteurs. *Management & Avenir*, 24, 32-48.
- Noireaux, V., & Poirel, C. (2014). Contre-pouvoir et stratégies collectives. *Revue française de gestion*, (3), 81-95.
- Paché, G. (2016). Prestation logistique : images contrastées de l'entreprise désintégrée. *Revue de management et stratégie*, (3-10), 55-65.

- Paché, G., & Des Garets, V. (1997). Relations inter-organisationnelles dans les canaux de distribution: les dimensions logistiques. *Recherche et Applications en Marketing (French Edition)*, 12(2), 61-82.
- Paché, G., & Medina, P. (2006). Les relations entre chargeurs et prestataires de services logistiques: quelles perspectives ouvertes par la théorie de l'enracinement. *Actes des 6èmes Rencontres Internationales de la Recherche en Logistique*, 393-407.
- Paché, G., & Medina, P. (2007). The entrenchment strategy of logistics service providers: towards a sequential cooperation-competition process? *Journal of Transport and Supply Chain Management*, 1(1), 65-78.
- Paquerot M. (1996), « L'enracinement des dirigeants et ses effets », *Revue française de gestion*, n° 111, p. 212-225.
- Paquerot M. (1996). « Stratégies d'enracinement des dirigeants et prises de contrôle d'entreprises », thèse de doctorat, Université de Bourgogne, IAE Dijon
- Paquerot, M. (1996). Stratégies d'enracinement des dirigeants et prises de contrôle d'entreprises (Doctoral dissertation, Dijon).
- Pfeffer, J., & Salancik, G. R. (1978). The external control of organizations. *A Resource Dependence*.
- Pichard-Stamford, J. P. (2000). Légitimité et enracinement du dirigeant par le réseau des administrateurs. *Revue finance contrôle stratégie*, 3(4), 143-178.
- Pigé, B. (1998). CEO entrenchment and shareholders' wealth [Enracinement des dirigeants et richesse des actionnaires] (No. hal-02175777).
- Pigé, B. (1998). Enracinement des dirigeants et richesse des actionnaires. *Finance Contrôle Stratégie*. vol. 1, n° 3, p. 131-158.
- Poppo, L., & Zenger, T. (1998). Testing alternative theories of the firm: transaction cost, knowledge-based, and measurement explanations for make-or-buy decisions in information services. *Strategic management journal*, 19(9), 853-877.
- Prockl, G., Pflaum, A., & Kotzab, H. (2012). 3PL factories or lernstatts? Value-creation models for 3PL service providers. *International Journal of Physical Distribution & Logistics Management*.
- Roques, T., & Michrafy, M. (2003). La prestation de service logistique en France en 2002: perception des acteurs et évolution des pratiques. *Logistique & Management*, 11(2), 7-26.
- Roussat, C., & Fabbe-Costes, N. (2000). Les pratiques de veille technologique en logistique : le cas des prestataires de services logistiques. *Logistique & Management*, 8(2), 29-48.
- Sauvage, T. (2004). Quelles relations contractuelles pour l'externalisation logistique? *Revue d'économie industrielle*, 106(1), 69-91.
- Shleifer A., Vishny R.W. (1989). "Management Entrenchment: The Case of Manager Specific Investments", *Journal of Financial Economics*, vol. 25.
- Shleifer, A., & Vishny, R. W. (1989). Management entrenchment: The case of manager specific investments. *Journal of financial economics*, 25(1), 123-139.
- Strange, R. (2011). The outsourcing of primary activities: theoretical analysis and propositions. *Journal of Management & Governance*, 15(2), 249-269.
- Thompson, D. (1967), *Organizations in Action: Social Science Bases Administrative Theory*, McGraw Hill, New York.

- Williamson O.E. (1985), *The Economic institutions of Capitalism*, Free Press, NY (Traduction : *Les institutions de l'économie*, Inter-Editions, Paris 1994).
- Williamson, O. E. (1975), *Markets and Hierarchies: Analysis and Antitrust Implications*, 286. New York: Free Press.
- Zhuang, G., Xi, Y., & Tsang, A. S. (2010), Power, conflict, and cooperation: The impact of guanxi in Chinese marketing channels. *Industrial Marketing Management*, 39(1), 137-149.