



## A Qualitative Examination of Relational and Contractual Governance Mechanisms in Aliğa Port Cluster

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### Abstract

*The rising importance of port-port user relations is a result of widening roles that ports play within the global supply chains and the increasing impact of these relations on the overall performance of the supply chains. In the governance of these relations, both contractual governance and relational governance play the role and the balance between these two governance mechanisms shapes the characteristics and the quality of the relationship. Focusing on the container terminal-liner shipping agency relations in Aliğa as multiple cases, this study aims to investigate how governance mechanisms are handled in the port industry and how the interplay between these two mechanisms occurs. In accordance with this purpose, interviews are conducted with both representatives of the container terminals and representatives of liner shipping agencies in order to reveal the governance dynamics of said relations. The results reveal that relational governance plays an important role in constituting trust and commitment in between parties. On the other hand, the tendency to rely on contractual governance is found out to be mainly related to the organizational culture of the parties, but relatively limited because of the intense competition in the region.*

**Keywords:** Contractual Governance, Relational Governance, Relational Norms, Port, Container Terminal

## Aliğa Liman Bölgesinde İlişkisel ve Kontrata Dayalı Yönetişim Mekanizmalarına Yönelik Bir Nitel İnceleme

### Öz

*Liman-liman kullanıcıları ilişkilerinin artan önemi, limanların gelinen noktada küresel tedarik zincirlerindeki rolünün genişlemesi ve dolayısıyla bu ilişkilerin tedarik zincirinin toplam performansında belirleyiciliğinin artmasından kaynaklanmaktadır. Bu ilişkilerin yönetilmesinde hem kontrata dayalı yönetim hem de ilişkisel yönetim mekanizmaları rol almakta ve bu iki yönetim yaklaşımı arasındaki denge ilişkinin karakteristiğini ve kalitesini ortaya koymaktadır. Bu çalışmanın amacı, Aliğa bölgesindeki konteyner terminalleri ve düzenli hat acenteleri arasındaki ilişkiye odaklanan bir çoklu vaka çalışması üzerinden, limancılık endüstrisinde yönetim mekanizmalarının nasıl ele alındığını ve bu mekanizmalar arasındaki etkileşimi ortaya koymaktır. Bu amaç doğrultusunda, söz konusu ilişkilerin yönetim dinamiklerini ortaya çıkarmak adına düzenli hat acente temsilcileri ve konteyner terminali temsilcileriyle mülakatlar gerçekleştirilmiştir. Araştırmanın bulguları ilişkisel yönetişim taraflar arasındaki güven ve bağlılığın sağlanmasında önemli bir rol oynadığını ortaya koymaktadır. Diğer*

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*tarafтан, kontrata dayalı yönetişime olan eğilimin tarafların temelde örgüt kültürüne bağlı olarak sekillendiği ancak bölgedeki yoğun rekabet koşulları dolayısıyla daha kısıtlı olduğu tespit edilmiştir.*

**Anahtar Kelimeler:** *Kontrata Dayalı Yönetişim, İlişkisel Yönetişim, İlişkisel Normlar, Liman, Konteyner Terminali.*

## 1. Introduction

Today, ports are prominent as the most important logistics infrastructures embedded in the global supply chains that shape the international trade. As they are now able to meet the many different logistics needs of supply chain stakeholders, ports play a role beyond its basic functions which is creating the link between sea and land transportation [1, 2]. Considering that the changing role of the ports cover wider functions and greater capabilities, their performance has become even more critical for the success of the overall supply chain performances. Due to the high levels of competition boosted by the inclusion of private ports in industry, there are also visible changes in port management philosophy [3].

Within this point of view, the relationship between ports and port users have become more than a basic buyer-supplier relationship and evolved through the principles of supply chain management by putting a greater emphasis on joint value creation [4, 5]. Now that it has a strategic significance, governance of the relationships with the major port users including liner shipping companies, freight forwarders, cargo owners and customs brokers have gained new aspects to work on such as cooperation and integration [6] [7]. Among all these relations, container terminal-liner shipping company relation has a particular importance with its' sophisticated nature covering many different facets namely operational, financial and contractual relations. Other than that, unlike the relations that the rest of mentioned maritime supply chain actors have with container terminals, the container terminal-liner shipping company relation is direct in all facets and resembles

more of a partnership rather than a simpler buyer-seller relation. With all these aspects, successful governance of this relation plays a key role in maritime supply chains and impacts the satisfaction of rest of maritime supply chain actors [8].

There are two main governance mechanisms that form the relationship management which creates the fundamental differentiation in port management, namely contractual governance and relational governance. While contractual governance determines both the financial and operational liabilities of the parties, relational governance works as a mechanism that shapes the informal side of the relationship with the role of relational norms developed throughout the process. Although the related literature on port network relations partially covers the role of relational norms such as information sharing [9] and flexibility [10], the motive of this study is derived from the need of a theory based qualitative research that would enlighten both facets of the governance mechanisms. In this context, the aim of this study is to carry out an investigation on how these two governance mechanisms function together within the port-port user relationships and how their balance determines the success of the relationship as a whole.

The study is designed as a case study which focuses on Aliğa port cluster where three container terminals with differing managerial structures and technical capabilities are located. Semi-structured interviews were conducted with the representatives of all three terminal operators and five liner shipping companies that works with at least one of the terminals in Aliğa port cluster.

In this framework, the second section is

designed in order to provide the theoretical background on the subject of governance mechanisms. Latter sections respectively give information on the qualitative methodology employed and the results gained from the interviews.

## **2. Theoretical Background**

Interorganizational governance mechanisms are organizational or structural arrangements aiming to determine the behaviors of the parties involved, in a way that would strengthen the relationship and restrain possible exchange hazards [11, 12]. Although there are many theoretical perspectives that are helpful to provide insights on interorganizational exchanges, integration of relational exchange theory (RET) within transactional cost economics (TCE) have proved its' effectuality in terms of explaining the complex and changing nature of the subject [13].

Rooted in institutional economics, TCE suggests that these exchanges can be governed by two different kinds of governance mechanisms, namely "markets" governance through price mechanism and "hierarchies", governance through unified authority structure [14]. The general proposition of TCE is that organizations specify their governance structures by selecting between these two types in order to deal with the exchange hazards that are related with specialized asset investments, difficulties in monitoring and uncertainty [15]. To cope with these hazards, firms may choose to craft formal contracts that are designed to minimize the transactional costs which might occur in any kind of contingency. However, in some cases crafting such contracts might not be as functional or even more costly and would result in firms' decision to vertically integrate [16]. Although this framework has provided valuable information on how firms should design their governance structures appropriately in terms of

safeguarding against unexpected relational outcomes such as opportunistic behavior, it has received criticism for deemphasizing relational and social aspects of interorganizational exchanges [17, 18].

At this point MacNeil [19]'s contribution has widened the scope of the subject and relational governance has been put into focus. Relational governance can be defined as the extent to which exchange partners use relational norms as governance mechanisms with the aim of reaching to a relationship quality level that would enable joint planning and coordination [20, 21]. Unlike the TCE framework, RET perspective focuses on the role of relational norms on mitigating opportunism and seeking mutual interest [22]. In addition to that, this perspective suggests that social structures are more powerful than the institutional ones in terms of explaining the economic behavior of the exchange participants. According to Macauley [23], formal contracts are unnecessary to use in many problems related to the governance of interorganizational relations (IOR), and if they are used, the negative consequences and costs can be high. Thus, governance of the interorganizational relations through social contracting is considered as more effective than formal contracting because of the pragmatic limits of contracting law [19].

Relational norms, being the core constructs that shape the relational governance of interorganizational relations, can be defined as expectations of behaviors that are set by the parties involved in a relationship with the aim of reaching to the collective goals [24, 25]. As they determine the limits of acceptable behavior, relational norms are considered to be critical social constructs that shapes the governance of interorganizational exchanges [26]. Being based on mutuality of interest, norms enhance stewardship behavior and function as a facilitator of the relationships' wellbeing. In other

words, the relational norms framework aims to create a social environment in which the unilateral interests that could harm the relationship as a whole are discouraged and the mutual benefit seeking is appreciated [27]. Although the literature on relational norms is quite broad and steady, still a general agreement on the number and the content of the norms are considered to be problematic. Considering that interorganizational relations may vary in nature due to the type of the relationship (eg. alliance relations, buyer-supplier relations, franchise relations etc.) and also the industrial characteristics, many researchers prefer to eliminate less functional norms in their studies [28].

Similarly, focusing on the terminal operator and liner shipping agency relations in the port industry, this paper takes four of the major relational norms into consideration namely solidarity, flexibility, information sharing and conflict resolution. This selection is carried out with the participants of the interview process by making a comparison between norms in terms of their importance within the port supply chain relations. Table 1 presents the brief explanations of the selected relational norms.

**Table 1.** Brief Definitions of Selected Relational Norms

Relational Norms	Definition
Information Sharing	Formal and informal sharing of meaningful and timely information between organizations.
Solidarity	Maintenance of the IOR by putting the joint benefits of the parties as the forefront.
Flexibility	A bilateral expectation of willingness to make adaptations as circumstances change.
Conflict Resolution	Application of flexible, informal and personal mechanism to the resolution of conflicts.

**Source:** Compiled from [20] [29] [30]

Although recent port literature considerably addresses the significance of well managed interorganizational relations within the port network, the main interest was on the issue of port supply chain integration [7, 8, 31]. Major contribution of this stream of literature has been on re-defining the role that ports play in today's competitive environment. Therefore, the managerial suggestions to the ports have been on pointing out the significance of agility [3] and dynamism in IORS [8]. From our point of view, governance mechanisms adopted by the port network actors are also linked with the re-defined role of ports and impacts the change in managerial paradigm. It is expected that the study will be contributive to the port literature by revealing how contracts on one side and the relational norms on the other influence the desired performance outcomes of maritime supply chains.

### 3. Methodology

Based on the need of carrying out a preliminary study on how relational and contractual mechanisms in port industry work and how they are interrelated, this study adopts a qualitative approach with an explorative nature. With this qualitative framework, the study focuses on a specific port cluster, Aliğa. Container transportation in Aliğa has started in 2009 together with establishment of Nempport as a local terminal operator and TCE Ege as a global terminal operator. In 2017, APM Terminals İzmir, another global actor, has started its' operations and the competition in the region became even denser. Due to the increase of logistics capabilities in the region, the cargo volume that the port cluster aggregately handles have reached to 749.327 TEUs (9,5% of sum of TEUs handled in Turkish container terminals) in 2017 [32]. Beside these increasing shares of the terminals and the competitive structure of the region, another reason that makes

the region suitable for our research is the differences in port governance models of the terminals. As mentioned above, two of the terminals in the cluster, TCE Ege and APM Terminals İzmir, are owned and operated by global terminal operators and Nempport is a local one. Thus, we believe that selecting Aliğa as the research domain fits the requirements of carrying out multiple case study approach as terminals' differences in management and ownership structures is predicted to impact the way they thread relational and contractual governance mechanisms [33].

In accordance with the dyadic nature interorganizational governance, beside the container terminals our research also focused on the liner shipping agencies that work with at least one of the three terminals in Aliğa in order to gain a deeper understanding of these reciprocal relations. In sum, along with the five representatives from the three terminals, five representatives from five different liner shipping agencies have participated to the interview process of the research. For the

participants from the container terminals, sampling consists of total population as it covers representatives from all three terminals in the cluster [34]. However, for the participants from the liner shipping agencies, maximum variation, a kind of purposeful sampling, was employed [35]. In this line, the effort was on involving participants from various company profiles taking their cargo volume, company size, point of origin and alliance membership into consideration. Details of the interviewees and the interview process are presented on Table 2. Upon the request of the participants, the names of their companies and themselves are kept confidential and coded as seen on the table.

In between the dates 05.12.2017 and 25.01.2018 ten semi-structured interviews were carried out with their durations varying from 31 minutes to 1 hour 45 minutes due to the time availability of the participants. The reason behind conducting semi-structured interviews was allowing participants to wander off whenever predetermined questions seem

**Table 2.** Information on The Interviews

Company Code		Interviewee Code	Title	Date of the Interview	Duration of the Interview
Container Terminals	Container Terminal A	CT-A1	Commercial Manager	05.12.2017	1 h. 6 min.
		CT-A2	Operations Manager	05.12.2017	32 min.
	Container Terminal B	CT-B1	Marketing Assistant	12.12.2017	1 h. 25 min.
		CT-B2	Payment Coordinator	12.12.2017	1 h. 25 min.
	Container Terminal C	CT-C	Deputy General Manager	12.12.2017	31 min.
Liner Shipping Agencies	Liner Shipping Agency A	LSA-A	Agency Manager	18.01.2018	47 min.
	Liner Shipping Agency B	LSA-B	Agency Manager	20.01.2018	1 h. 36 min.
	Liner Shipping Agency C	LSA-C	Manager of Documentation, Operation and Customer Services	23.01.2018	56 min.
	Liner Shipping Agency D	LSA-D	District Representative	23.01.2018	1 h. 45 min.
	Liner Shipping Agency E	LSA-E	Agency Manager	25.01.2018	1 h.

to disfunction in terms of exploring more about the phenomenon [36]. All interviews were recorded with the permissions of the participants. Later on, the recordings were transcribed and translated into English. Coding of the interviews were carried out separately by the authors with the aim of comparing the coding structures to ensure the credibility of the process. In order to achieve trustworthiness of the qualitative research, protocol of Wallendorf and Belk [37] was adapted. Actions taken in order to follow this protocol were; (i) selecting the participants purposively with the aim of achieving transferability, (ii) maintaining the data collection till the data saturation is achieved considering the dependability concerns and (iii) all personal knowledge on the research topic was documented right before each interview so that possible biases would be clarified and the confirmability of the study would be achieved.

## 4. Findings

### 4.1. Findings on Contractual Governance Mechanism

In order to figure out how liner shipping companies differ in their contractual governance mechanisms with the terminal operators in Aliğa port cluster, the first section of the interviews was focused on finding out whether there are differences in the content of the contracts or not. It is revealed that main function of the contracts is to set the port tariffs. Other than the tariffs, liabilities of the parties and the procedures on the joint processes is considered as more optional and thus stand as the factor that causes the differences in the content. When it comes to the tariffs it is detected that the differences are resulted from the cargo volumes of the liner shipping companies besides the range of the services that they demand from the terminal operator. However, in terms of inclusion of the liabilities and procedures in details, the contracts have greater diversity.

This diversity in the application is stated to be related with the **organizational culture** of both of the companies and again with the **cargo volume** of the liner shipping company. Focusing on both of these factors, the following statement of the terminal operator representative reveal how they are linked with the content diversity of the contracts.

*CT-A1: With some of the shipping lines even a 2 pages long contract can be alright, but in contrast you can also see contracts that are 50 pages long. This might be related with the need of elaboration or the corporate cultures. As an example for the first case, it wouldn't be necessary to have a very detailed contract with a shipping line that would only use your terminal for a very limited handling volume –e.g.5000 TEU. So the volume can be determining. But there might be some shipping lines or container terminals which would always stick on detailed contracts without taking the work volume into account. Our preference is, for instance, to have detailed contracts that would cover all the clauses related to working conditions, insurance issues and the payment terms.*

Another terminal operator representative also indicates that, the contracts that they prefer are detailed in content, covering both sides' liabilities especially on the topic of productivity undertakings.

*CT-B1: Contracts cover the undertakings of both sides. For instance, in the contracts with the shipping lines our undertaking on productivity takes place. It includes the details of moves per hour and how much is needed to be paid if we perform below or over that level. Contracts also may cover some details on berthing. For instance, we can determine a specific time that one of our berths will be*

*assigned solely on this shipping line. If the vessel arrives out of that time period, then we can charge them. But if the vessel arrives at time and we have a problem in terms of berth availability, then it is us to be charged.*

Similar to the above statements, one of the liner shipping agency representative states that having detailed contracts is also preferred by their side and links it with the organizational culture by making a comparison with the relatively smaller liner shipping companies in the industry.

*LSA-B: Our company uses the same contract format in all of its relations with the terminal operators. It's a very detailed contract form. It's a result of being a big company. Every time an undesirable situation arises, our company adds new clauses on that particular issue so the contract gets updated and more detailed over time. Different from the contracts that our competitors have, probably ours have more pages on standard operating procedures. Probably most of the smaller companies only have a contract that is used as a price list for the port services. In our way of doing business, contract is the most appropriate place in order to enlighten the liabilities of both sides and how joint procedures should be handled. We see and use it more like a manual.*

Unlike the above examples, statements of the liner shipping company representatives that do not feel the need of having such detailed contracts are presented below.

*LSA-C: Our contracts involve the tariffs only. In terms of the liabilities, both of the parties well know their duties as all the processes are standardized. For instance, "damaged containers" is an issue that might be involved in many contracts. However, our contract doesn't need to involve any*

*statement on that issue as it is now a fixed procedure and each party knows what is expected from their side.*

*LSA-A: Apart from the tariffs, contracts may involve some operational liabilities of the both sides (e.g. berthing procedures, quay cranes' move per hour). We do not need such details to be included in our contracts. But of course we demand information on the technical capacity and the operation procedures of the terminal operator and make an evaluation before accepting the tariffs that are proposed by their side. In the end, if any problem occurs shifting to another terminal is always an option.*

In the light of these statements, it can be said that the reasons behind not having detailed contracts may also vary as it can be a result of the trust between the parties and/or a result of not feeling dependent considering there are other terminal options. Especially the second reason is more related with the competitive environment of the Aliğa port cluster which also increase the bargaining power of the liner shipping companies against the terminal operators. Below comment of the liner shipping company representative also provides insight on how power based on low dependence shapes the contractual governance from the side of liner shipping agencies.

*LSA-D: In Turkey, generally agencies may be willingly reject having detailed contracts as any negative outcome caused by the grey zones in the contract is more likely to be advantageous for their side. Thus, we see that many of the contracts include only the tariffs to be applied and a really few statements on the liabilities of the parties'.*

#### **4.2. Findings on the Interplay between Contractual and Relational Governance Mechanisms**

With the aim of understanding how relational governance influence the

contractual relationship between terminal operators and the liner shipping agencies, the final section of the interviews was focused on getting comments on the interplay between the two governance mechanisms. Although the findings on the previous section revealed that the scope of the contractual governance varies widely based on companies' way of doing business, their viewpoints are more common on the interplay between two governance mechanisms as they all expect the subsidiary role of relational governance in their contractual relationships. In other words, rather than solely focusing on the contractual governance it is found out that both parties see relational governance more functional in terms of determining the nature of their relationships. The following statements of the representatives from CT-A reveal how social elements play a role in their relationships with the liner shipping agencies.

*CT-A2: If the relationship between the parties is considered as a good relationship, then any problem can be solved through ironing out. If the other party always rely on the contracts, it means that they have already given up on finding out a solution through communication.*

*CT-A1: Of course you can always rely on the contract but I think in any kind of problem the first attempt should be jointly finding out a solution without damaging the relationship. If you buy a sweater from a store and then see that there is a problem about it, you can easily decide to never shop from that store again. But maritime business is different from many other businesses as it involves very limited number of actors. Even right after you shifted to another terminal, you might have to work with that terminal again, for instance in a case that you take slots from another shipping line.*

When the role of relational norms is considered, the situational examples provided by the interviewees have demonstrated how each norm functions in establishing relational governance. For instance, the below example underlines how behaviors based on solidarity helps to keep relationship quality at high levels and hinders the possible harms to the relationship that would result from the application of contract clauses.

*LSA-E: In our contracts, we request productivity undertakings from the terminal operators. However, an operation might have a hitch due to the compelling reasons. In such cases, we do not give utterance to the contract statements at first. Because, in another operation it might be our vessel that makes the operation problematic, and thus we might be the party that is making terminal waste their time. In our point of view, developing mutual comprehension should be considered essential and opportunistic behaviors should be eliminated.*

On the other hand, flexibility is considered as another important relational norm that shapes relational governance. Due to the high level of competition between terminal operators in Aliğa port cluster, it is believed to be a crucial determinant of the satisfaction from the relationship in the eyes of the liner shipping agencies. Representative from CT-C underlines this matter as follows:

*CT-C: Importance of flexibility in our relations with port users is obvious. Especially in Turkish business life, the actors don't tend to accept the tough rules. In my opinion, flexibility is even more important than the service quality to be considered as successful in the port users' point of view.*

However, as the definition of the term flexibility in port industry is broad and covers making necessary adjustments both in operational and financial manners, it is better to discuss this issue by making the separation between these two aspects. The following quotations demonstrate examples on flexibility in operational manner that would eliminate the related contract clauses in order to maintain the relationship without causing dissatisfaction.

*LSA-C: Terminal operator demands us to inform them one day before for our stuffing requests. But from time to time, we may forget to inform. This is where the bilateral relations play the role. If you have a good relation, no matter what is written on the contract, the other party would do their best to help you with that operation.*

*CT-C: For the berthing operations, we have this rule called berthing window. However, from time to time the vessel may arrive outside the berthing window that we have declared to the shipping line. In such situations, the shipping lines generally demand us to be flexible and we do our best to help them.*

Nevertheless, limits of flexibility demands coming from the liner shipping companies is underlined to be the factor that determines whether it will have positive or negative impacts to the relationship overall.

*CT-A2: Being flexible is necessary but it is important to keep it in a level below impossible. Operational limits should always be considered and the range of flexibility mustn't surpass these limits. Otherwise, the results would be negative for all the parties.*

Unlike operational flexibility, financial flexibility is stated to be problematic. Considering that contracts determine the

financial aspects of the relationship at least for a period of one year, it is believed that demanding such adjustments before the expiration may not always be welcomed and might even be harmful for the wellbeing of the relationship. However, again linked with the competitive environment that the terminals in Aliğa are facing with, terminal operators stated that such demands are occasionally voiced by the shipping lines. The following statement of LSA-D provides insight on financial flexibility demands of the liner shipping companies.

*LSA-D: Let's be realistic. In the business life, none of the parties have to play by the rules. Even though the duration of the contract is not over, in many cases liner agencies may recommend revisions especially in the tariffs. This is mostly because of the rapid changes in the economy. Considering that costs resulted from the port operations have an important share in the overall costs of a liner shipping company, such demands for flexibility in contracts are natural. The question is whether the terminal operator company has the power to reject such demands or no. Considering the competition, it wouldn't always be easy to say no.*

Apart from the competitive environment, one of the liner shipping company representative mentioned that meeting the flexibility demands is also related with the organizational structure of the terminal. It is stated that the degree of flexibility provided by the terminals in Aliğa port cluster differs due to differences in their organizational structures.

*LSA-A: The reaction of the terminal operators to the demands for change varies due to their corporate structure and management style. In Aliğa two of the terminals are a branch of global*

*terminal operator company and one of the terminals is a local one. Global companies may consider many of the demands odd and meeting such demands may be hard for them. They would have harder and longer demand approval procedures. While the local terminal easily makes the decision on whether saying yes or no to our demand, the global ones need more time to evaluate. Although their personnel would like to help you, it might not be possible at the end.*

When it comes to the norm of **information sharing**, all the participants agree on the importance of this norm, stating that the performance of the container terminal-liner shipping agency relationships are underlined on correct and timely information exchange. Although contracts partially cover the procedures of information sharing and the scope of the information to be shared, the impact of relational governance on these processes is found out to be more determinative. Especially, sharing information on events or changes that may affect the other party is expected by both sides and considered to be a sign of putting value on the relationship. The following example provided by LSA-D demonstrates how such an attempt by the container terminal is evaluated from the point of views of the liner shipping agencies.

*LSA-D: For example, from time to time the terminal may warn us about our cargo when there is a potential problem about the customs. By the side of the terminal, such information sharing is not compulsory and even the problem that we face with customs may make them earn more storage fee from us. But still, sharing that information shows how much they value our relationship's wellbeing and how trustworthy they are.*

On the norm of **conflict resolution**, participants state that facing with conflicts is common and mainly occurs because of the operational factors (e.g. damaged cargo, berth availability, congestions at the terminal area). Although many of the contracts involve clauses on the liabilities of the parties at the times such conflicts arise, resolution of the majority of the operational conflicts are informally standardized and carried out without referring to the contracts. Thus, both terminal operators and liner shipping agencies underline that rather than the frequency of the conflicts it is the attitude of the other party that constitutes the wellbeing of the relationship. In this manner, maintaining the two-way communication and creating the atmosphere of joint problem solving are considered to be key success factors in eliminating the conflicts.

## **5. Discussion and Conclusion**

The conclusion of this study is that relational governance of port-liner shipping agency relations play a more significant role in determining the quality of the relationship when it is compared to the contractual governance. Even though the role of contracts is considered to be important for the monetary aspect of the relationships, it is found out that not many companies attach great importance to having a detailed contract which wouldn't leave any grey zones on the liabilities. In the case of Aliğa, one explanation for this might be that the high competition between the terminals decrease the dependency of the liner shipping companies to a particular terminal. Thus, liner shipping agencies do not feel the need of securing themselves through the contractual governance mechanism knowing that the terminals are already aware of damaging their relation will be more costly for them. On the other hand, it is found out that, rather than the imbalance on dependence, in

some cases trust between the parties play a role in trivialization of the contractual governance. In fact, trust is seen not only as the antecedent of relational governance but also the consequence of it, because handling the conflicts through communication rather than relying on the contract is considered to be a sign of value placed to the relationship.

As argued by Macauley [23], our case also demonstrate that relational governance is at highest importance in managing interorganizational relations and strictness of the formal contracts is considered as a sign of distrust. Also, it is safe to state that terminals' tendency to rely on relational governance is even a selection criterion for many liner shipping agencies. In this sense, development of relational norms within the terminal-liner shipping agency relationships make the terminals more competitive as it makes the liner shipping agencies more satisfied and committed to the relationship. Especially the development of the norm of flexibility is found to be crucial considering that nature of the many logistics activities request related parties to be able to make necessary adjustments whenever needed. On the other hand, the other three norms that this study covers (information sharing, solidarity and conflict resolution) are considered to be significant in creating an atmosphere in the relationship that helps to build trust and commitment. Thus, both sides of the relationship see these norms as facilitators of the future of the relations.

When all these findings on the roles that norms play are aggregated, MacNeil's [19] criticism to TCE framework on overlooking the relational constructs in economic exchanges prove to be right. Our findings also demonstrate that both container terminals and liner shipping agencies expect more than a simple buyer-seller relation and demand to experience bilateral favors. Therefore, RET perspective, as it underlines the significance of the positive

exchange atmosphere and the incapability of the formal contracts in safeguarding opportunism, explains more of the general characteristics of container terminal-liner shipping agency relations in our cases. In this respect, our findings are in line with the findings presented in the literature on the issue of interplay between governance mechanisms [17] [22].

Although our findings reveal that relational governance appears to be at great importance in Aliğa port cluster, not every container terminal-liner shipping agency relation within this cluster are governed exactly with the same degree of rationalism. Especially, cargo volume of the liner shipping agency (as it determines the bargaining power) and the fit between organizational cultures of both companies is considered as important determinants that shape the tendency on relationships' positioning in between relational and contractual governance mechanisms. For instance, it is observed that two global terminal operators and the liner shipping companies with strict monitoring from the headquarters are relatively less able to satisfy the opposite parties when they ask for favors. Still, even though the bureaucratic difficulties exist, all of the said organizations point out that they are well aware of the role that the norms play in Aliğa port cluster and that they do their best in order not to fall back from competition. On the contrary, the local container terminal and the liner shipping agencies with higher independence in terms of managing their IORs without headquarter interventions, appear to be willing to develop trust based exchanges. Thus, the contracts that these organizations craft are apparently more fine-tuned.

Due to the qualitative nature of this study, findings are only at an exploratory level. By carrying out a quantitative research on the very same research questions, more generalizable findings can

be achieved. For this purpose, it is believed that developing industry specific scales for measuring relational norms could also be very contributive to the field. Besides that, a broader sampling involving other port industry actors such as freight forwarders and cargo owner companies could also deepen our understanding of interorganizational relations and governance mechanisms in the context of maritime transport chains.

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