

## Chapter 6

# The Role of Technology Level and Logistics Performance on the Relationship Between Logistics Service Quality and Firm Performance

**Özgür Kayapınar**

 <https://orcid.org/0000-0002-2003-5863>

*Trakya University, Turkey*

**Fatma Lorcu**

 <https://orcid.org/0000-0003-4361-8348>

*Trakya University, Turkey*

### **ABSTRACT**

*The main purpose of this study is to examine the relationship between logistics service quality, logistics performance, firm performance, and technology. Survey data, which was collected from 572 industrial consumers operating in Turkey by stratified sampling method, were analyzed and compared by factor analysis and SEM. According to the results of the analysis, the data indicate that the quality of logistic service affects logistic performance and firm performance positively and directly. Also, it is clear from the results that the mediation role of logistic performance and its indirect impact are important in the effect of logistic service quality on firm performance. In the effect of the quality of logistic performance on firm performance, the role of technology in moderation is understood. It is also stated that when the moderation role of technology in the logistic service quality affects firm performance, logistic performance has also the mediation role.*

DOI: 10.4018/978-1-7998-4601-7.ch006

## **INTRODUCTION**

Companies that compete for meeting the increasing needs of their customers strive to design and present the best quality products to their customers in accordance with their mission and objectives. The expectation of the customers is that the satisfaction of the products which are bought by customers is provided with quality. Two approaches are used to explore the concept of quality in the literature. According to the first approach, quality means that the adaptability of the technical specifications determined by service providers. Service is shown as a physical object that can be evaluated and observed with its qualities while the second approach asserts that the quality is based on customers' evaluation and perception (Gil Saura, Servera Frances, Berenguer Contri, & Fuentes Blasco, 2008; Thai, 2013). Both approaches are based on the assessment and evaluation of customer expectations. In the first approach, the quality of the service provided to the client is based entirely on the adaptation of the service provided by the companies as if it reflects an object. In the second approach, the assumption that the expectations and perceptions of customers are influenced by quality is emphasized.

Services offered within the logistics framework fulfill the role of coordinating the capabilities needed to create customer value and satisfy customers at companies, and to provide the supply-demand boundary and scope. (Panayides & So, 2005). The quality of logistic service performance constitutes an important marketing component which helps to create customer satisfaction (Mentzer, Flint, & Hult, 2001) and the creation of customer value in terms of logistics takes place through two different mechanisms. These mechanisms are the reduction of the costs and the increasing responsiveness to customer needs (Panayides & So, 2005).

According to Gil Saura, Servera Frances, et al. (2008), companies need to invest in information communication technologies to improve the management of information flow internally throughout the supply chain. Companies that want to increase the quality of customer service have to focus on some issues, including the recovery of the order process to make it easier, and behaving in accordance with the delivery conditions created by customers.

Quality in logistics is defined as one of the capabilities of a company's logistics system for satisfying the users in terms of customer service, time, reliability, communication, and convenience (Berkowitz, Kerin, Hartley, & Rudelius, 1997). Logistics service quality is determined within the framework of the perception of the after-sale service and service quality provided to the customers, and customer service representatives and conformity of information provided by order and delivery procedures. (Micu, Aivaz, & Capatina, 2013).

Logistic service quality, which is derived from a number series of interactions in terms of the perceptions of customers and the processes businesses with the logistics service providers and (Thai, 2013), depends on the monitoring of logistics processes in order to help customers benefit from time and space. The logistics process plays an active role in how consumers can benefit most effectively from the products they buy (Gil Saura, Ruiz Molina, & Frances, 2008).

While logistics service quality focuses on the performance results of companies in the process of bringing goods and information from the stores of the firms to the customers' homes (Gil Saura & Ruiz Molina, 2011), customer expectations become the most important determinant of logistics service quality. While customers choose a firm, they prefer companies that can provide the best service to them. Firms also tend to win and keep customers by anticipating customers' expectations and improving their services. Development of customer service and improvement of other services are important to establish direct relationships with customers. Logistic services offered to customers include the staff responsible

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