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**A Study of the Significance of Relationship Risk
Management in Third Party Logistics in Small &
Medium Businesses in Tianjin, China**

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ABSTRACT

The aim of this research is to study the significance of relationship risk management between third party logistics providers (3PL) and small to medium sized businesses (SMBs) in Tianjin, thereby identifying the problems and improvement opportunities within 3PL's in Tianjin's SMB environment. According to the factors analysed, this study reveals the 3PL provider users perspective and looks to identify the improvement opportunities in the Tianjin SMBs environment.

The empirical research is used to explore the current implementation of 3PL industry in Tianjin; it also expresses which 3PL service is the most efficient; investigates the reasons for outsourcing to 3PL's or not outsourcing to 3PL in Tianjin SMBs as the case may be; investigates the future opportunity of the 3PL industry in SMBs in Tianjin; analyses their perspectives and current problems; reveals the importance of Guanxi in relationship management for solving problem in 3PL; investigates how they build Guanxi for their business; expresses tends of selecting a Guanxi in future; and identifies the future plan of using Guanxi in 3PL industry in Tianjin.

The results showed that use of 3PL has been widely accepted by Tianjin SMBs, and road freight is most efficient model in Tianjin. Moreover, currently, Guanxi still plays a significant role in relationship management in 3PL industry in Tianjin. With a high level of a large number of users are likely to maintain and moderately increase the use of international 3PL. However, treating usage of Guanxi in future, local companies are likely to slightly decrease the usage of Guanxi, foreign companies would keep high usage and increase to use Guanxi in their 3PL purpose.

The results of this study provide useful information for both 3PL providers and users. Providers should be aware of the most efficient services, the potential trends and develop their capabilities according in terms of these future requirements. The experience of the companies in this study also provides insights as to the benefits of the current development and how to address the problems in the future.

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