

**The Quality Management in the Supply Chain:
The Case of Yamato Transport Co., Ltd. Japan.**

by

BADJI Aba

52115616

May 2017

RESEARCH REPORT

Presented to

Ritsumeikan Asia Pacific University

In Partial Fulfillment of the Requirements for the Degree of

Master of Business Administration

Supervision: **Professor YOKOYAMA KENJI**



CERTIFICATION

I, BADJI Aba, ID: 52115616 hereby attest that this work has been done in accordance with the relevant international and APU standards, rules and regulation applied in the domain.

ACKNOWLEDGEMENTS

For me going to Japan for an MBA was an easy decision to make. Needless to list all the reasons that make Japan so attractive, but there are facts that allow me to say the following simple words “*if I have to do it again, I will do it again.*”

Yet, I hesitate a lot whether I will put some names in this acknowledgement, knowing the risk of omitting some that are surely for equal value for me, but in my academic and social life the following names, with no particular order, made a big and positive impact during my 2 really too short academic years in Beppu:

- JICA and JICE: They promised that it will be beneficial, and they spare no effort to make it beneficial. At the end of the day, they succeed. I am not sure that a simple ***Thank You*** is enough to express the entire meaning of my satisfaction, but I can assure you my absolute readiness for the days ahead for collaboration and cooperation in various mutual beneficial projects in all Africa.
- Professor YOKOYAMA KENJI: There is a famous saying here Japan that ***Japanese are always busy***. Yes, it is true if we take the case of Professor KENJI. But there is also a general accepted truth that ***if it is Japanese, you can trust***. Yes, that is also true if you take the case of Professor KENJI. No matter how busy he is, you can trust him, he will give you needed support, you just need to send him a mail, and you will get a feed back in the very next couple of hours and the next day you will be gently received in his office. Professor, is there any more powerful word to express high admiration than ***thank you?***
- APU: I learn more than what your excellent Professors delivered in classes, seminars and workshops. A simple おはようございます from a security office agent earlier in morning in the corridor of APU dormitory gives me enough motivation and positive energy to get focus on what will be taught in the next classes, what I can learn from the performances shown in front of the fountain and so many other good things daily made by an excellent administration. Professors, Academic Office, Student Office, Security Office, from you I learn that you don't need to say that ***I am professional; you just show it in a daily basis*** under whatever circumstances. I will mimic you the rest of my life. Thank you for the lesson.
- Beppu Community: Honestly, beyond the free Sunday Japanese Language Class I understood what universal value is. You make me famous through various magazines and I got some calls from my own country, 23 hours by flight far away from Japan, just to tell me that they saw me in a magazine written in Japanese. I want to be part of your lovely community forever ruled by principles that should be universal. I was speechless in Sensei KAJIWARA-San's car when he told me this: “***I have no religion. My religion is humanity.***” I understand more than the words. I understand the spirit of Beppu Community. You will see me frequently around as I love you so much.

LISTE OF FIGURES

1- Fig 1: Systemic view of quality.....	p.07
2- Fig. 2: Stakeholders circle involved in quality.....	p.18
3- Fig.3: Triangulation.....	p.30
4- Fig. 4: Yamato Transport Logistics Logo.....	p.34
5- Fig.5: Overview of the Legal status of Yamato Holdings Co., Ltd.....	p.35
6- Fig.6: Yamato Group Corporate Governance Framework.....	p.36
7- Fig.7: Yamato Holdings Co., Ltd operating market.....	p.37
8- Fig.9: Percentage of the delivery service over the Operating annual Revenue of Yamato company.....	p.40
9- Fig.10: Sales on delivery business line.....	p.40
10- Fig.12: Financial Highlights.....	P.42
11- Fig.13: Valuation measures.....	p.43
12- Fig.13: Yamato Transport Network.....	p.45
13- Fi.14: Okinawa Hug and its position vis-a-vis Asian majors cities.....	p.47
14- Fig.15: A client being delivered a parcel by a Yamato agent.....	p.48

TABLE OF CONTENT03
CHAPTER I: INTRODUCTION	06
1-1 Research context.....	06
1-2 Conceptual framework.....	07
1-2-1: Definition of quality.....	07
1-2-2: Definition of the supply chain, Transport logistics.....	09
1-2-2-1: Definition of Logistics.....	09
1-2-2-2: Types of Logistics.....	11
1-2-2-3: Supply Chain Management.....	12
1-3 Importance of research topic.....	14
1-4 Research Objectives.....	15
1-5 Research Question.....	15
CHAPTER II: LITERATURE REVIEW	17
2- 1: Stakeholders Theory.....	18
2-2: Contingency Theory.....	19
2-3: Socio- Emotional Theory.....	19
2-4: Resources- based Theory.....	20
2-5: Network Theory.....	22
2-6: Organizational Learning Theory.....	22
2-7: Transaction Cost Theory.....	23
2-8: Agency Theory.....	24
CHAPTER III: RESEARCH METHODOLOGY	27
3-1: Justification.....	28
3-1-1: The choice of qualitative methodology.....	28
3-1-2: The choice of Yamato Transport Co., Ltd.....	29
3-2: Data Collection.....	30
3-2-1: Methods of triangulation.....	30
3-2-1-1: Documentation.....	31
3-2-1-2: Interview.....	31
3-2-1-3: Observation.....	31
3-2-2: Limits of methods.....	32

CHAPTER IV: RESEARCH GROUND: YAMATO TRANSPORT CO., LTD.....	33
4- 1: The Company History.....	34
4-2: The Company Management.....	35
4-3: The Company Market.....	37
4-4: The Company Business line.....	38
4-5: Current Financial Highlights.....	42
CHAPTER V: RESEARCH FINDINGS.....	44
5-1: Deliver faster.....	45
5-2: Deliver Cheaper	47
5-3: Deliver with Human Touch Strategy.....	48
CHAPTER VI: DISCUSSIONS.....	50
5-1: Internationalization related supply chain challenges.....	51
5-2: Development of Online Shopping issues, cost management, Human factors and..52 quality in the supply chain.....	52
CONCLUSION.....	54
REFERENCES.....	55

SUMMARY

There is an absolute truth that quality is the foundation of successful and sustainable business. But the matter of how companies create the different values proposed to the clients and customers is a crucial part of understanding how business functions, works and evolves. This research is an analysis of the facts and the actors practices that generate values offered to clients and customers in the Supply Chain industry in general and particularly in the transport service. Quality appreciation could be based on the accordance of a product or a service with a certain regulation, rules and standards. But, quality goes beyond the standards aspects as it is also about the price, the quickness and the hospitality that goes with the logistics. In this work we focus on describing strategies, actions and behaviors that shorten the time, lower the price or create the good feeling in delivering a service. Yamato Transport service is based on the rapidity in delivering its service, the cost saving that its logistic service created and the human touch that goes with the delivery service. Many researchers have already explained business practices that lead to create quality. Moreover, some of them have clearly described how some companies have increased the quality through the supply chain. In describing the Transport logistic of Yamato Transport of Kuroneko group, we, at the same time aim to point out the facts and the practices that shorten the delivery time at Yamato Transport, that lower the price and that raise client feeling of satisfaction. This work is based on observation and analysis of various data on the supply chain. The example of a worldwide well-known enterprise from Japan in the supply chain is taken for the quality of its services in transport and delivery. Yamato Transport or Kuroneko is a giant in the logistic and the company is building its operational capacities overseas instead of many hurdles that may be encountered.

CHAPTER I: INTRODUCTION

The present work is about the quality management in the Supply Chain. Precisely, the part of Supply Chain we focus on is the transport logistics side. Analyzing quality and supply chain is crucial to understand what underpin the sustainability of successful business organizations in terms of durability, competitiveness, fame or social utility.

1-1 Research context.

For companies, Supply Chain Management is a key component of their global management strategy. Over different periods, the function of Supply Chain has evolved from independent logistics to transport and warehousing to the global Supply Chain linking all flows from customer to the supplier. Nowadays there is more attention paid to various aspects of Supply Chain in order to deal with new challenges; whether those challenges are related to the social context or new business strategies.

In the other side, competitiveness becomes the biggest challenge for modern companies. In our days, many companies continue to deploy efforts and resources to improve their performance. In reality, the business environment becomes a more competitive environment. And, companies are seeking not only to constantly innovating in terms of technology but also in term of organizational and managerial performance. The idea behind that constant effort of companies in quality competition is, in fact, a real need to respond to new market demands, through delivering new products and offering new services to increase customer satisfaction. Today, as a result, the supply chain management becomes a critical factor in the companies' competition dynamic.

It is in such a context that we undertake to the initiative to do some researches on the topic Quality and the Supply Chain Management taking the example of a well-known Japanese logistics company, **Yamato Transport Co., Ltd.** We had the opportunity to actively participate in a field trip in February 2016 at this company facility located near Haneda Airport, in Tokyo, Japan. And we were amazed by what we saw. From there, the idea of better understanding this organization was born. But, before that, we were always interested by the concept of quality in its Japanese version or practice.

Indeed, quality is in the heart of successful businesses. Yet, the meaning of quality needs to be clarified. It is also true that the concept of transport logistics needs to be defined.

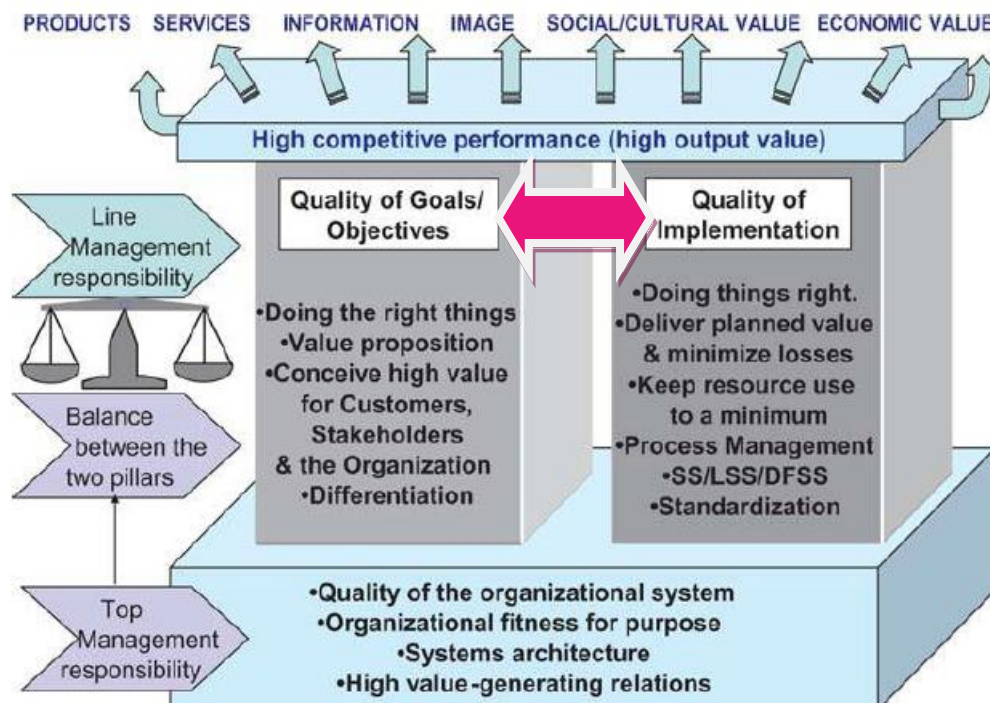
1-1 Conceptual framework.

Many authors tried to define quality. There are also many writings on logistics and transport, in particular, and in the supply chain, in general. These numerous writings reveal us that there are numerous ways to define these concepts. In the two following parts, we will define first Quality and second, the Transport Logistics in the Supply Chain.

1-2-1: Definition of quality.

Quality is a familiar term for most of us. But the meaning of the term may not be familiar to everyone. In two different paragraphs, we define quality from two angles. In one part, we define quality from the client viewpoint. In the second part, we define quality from the viewpoint of the organization or company. But, it may be useful to understand the general meaning of quality first as shown below.

Fig 1: the General conception of quality.



Source: (Tito Conti, 2010)

Quality can be defined in two ways. It can be defined from the viewpoint of the customer. But, also quality can be defined from the organization viewpoint.

From the customer's point of view, the term quality refers to the gap between perceived benefits and expectations. In fact, the quality refers to the physical and technical specifications of the service (the waiting time, in our case of Kuroneko for example). Quality may also be related to the personal contact, the client interaction (Jun 2016). These two points of view have led to two major approaches for the quality of service: the "product" approach and the user approach. The defenders of the second named to consider the service as a product and respecting its intangible and intangible nature (Oliver, 1981). For the first named approach, quality of service is the sum of its physical and technological attributes and the degree of conformity to standards (Powell, 1995). In fact, defenders of this approach emphasize the role played by the material elements associated with the service in the client assessment process. So, in a distinction must be made between the basic material elements and the peripheral material elements (KARL and Steve, 2012).

From an organization point of view, quality refers to the compliance with the standards, rules, policy and conformity of the product and with specifications. In such situation, making quality requires coordination of the various departments and services of the company. It also requires that all processes be designed and controlled to ensure that the product meets the established specifications and thus the customer's expectations (Powell, 1995). And, also the dimension of quality is large (Russel, and Taylor, 2014). It includes various elements as follow:

- ✓ The performance, main characteristics of a product, is the product's technical characteristics. An example of a tennis racket: weight, size, color, resistance, brand.
- ✓ The features of the product are added to it's the main characteristics. An example of a car: air conditioning, electric windows, leather seats.
- ✓ Reliability is the good functioning of a product in a given time and under normal conditions of use (measurement indicator: time is gone before the first

failure). An example of a mobile phone: software problems, oxidation, broken screens.

- ✓ Conformance is suitability between completion and design, compliance with the specifications. Example: defect rate, the number of repairs.
- ✓ Durability is a product lifetime. An example of a light bulb: number of hours of use.
- ✓ Serviceability is the speed, competence, ease with which repairing can be carried out Example of a photocopier at the copy top store
- ✓ Aesthetics is what the client can perceive and feel his senses (touch, sound, taste, smell, sensation)

The quality varies in line with the consumer expectation. And, quality can be seen as the ability to make a product that complies with the law, the regulation and the standards, increasing customer satisfaction. The quality varies because the context evolves.

Despite these numerous ways of defining quality, we retain the following meaning of the term. *“The primary focus of quality management is to meet customer requirements and to strive to exceed customer expectations.”¹*

1-2-2: Definition of the supply chain, Transport logistics.

As for the concept of quality, the transport logistics is subject to various conceptions.

1-2-2-1: Definition of Logistics.

Logistics concept has a military origin. It was born during all the preparations for a battle to provide the means of transport, equipment and so on including food to the front warriors; logistics is about getting what you need, where you need it and when you need it (Dessler, 2015). Logistics means all methods and means that are linked to the organization of a service, a company. They include handling, transport, and packaging and sometimes even supplies.

Basically, the meaning of logistics has remained the same. But it did evolve over the time. Such an evolution is necessary because the companies' environment is constantly changing and companies have to adapt and to responsive to the change.

¹ https://www.iso.org/files/live/sites/isoorg/files/archive/pdf/en/qmp_2012.pdf 2016/12/18

In simple words, logistics can be defined as a management of all physical operations in the company, such as moving and handling goods from the production plant to the point of consumption or use. This approach of logistics takes only into account the transport and distribution part. But, logistics is about management of all activities that contribute to the circulation of products through the coordination of supply and demand, the creation of utilities to making goods available at a given place in the right time. In other words, logistics is the set of activities aimed at setting up, at the lowest cost, a number of products, at the place in a given time. Logistic, therefore, is about all operations determining the movement of products such as the location of factories and warehouses, the physical management of manufacturing, packaging, storage and inventory management, handling and preparation of orders, transport and delivery routes

We can say that logistics is the activity of managing the different flows for a better cost. This management activity is related to product flows and, above all, information flows associated with physical flows, from the initial supplier to the final customer, the consumer. Logistics activity matches the demand, which emanates from customers and the offer proposed by manufacturers.

In short, logistics can be defined as the management of financial, informational, physical flows within and industry, a company or again in a market. Logistics is essential for businesses because it helps in the optimization of resources and the cost reduction. In order to be able to realize such performances firms must be able to well handle these following different elements:

- ✓ Information is necessary and indispensable for exchanges and enables planning from production. To that aim Technology, Electronic Data Interchange helps to obtain more reliable and real-time information.
- ✓ Storage, handling, and packaging should not be neglected as it's directly affecting the quality of the products, the ability to deliver promptly the customer as well as the establishment of a traceability of the goods. The storage will be decisive for the level of service rendered to the customer. The company will seek to limit investments as well as inventory costs. Transport has been an important element in the company for a long time. The trend is to reduce transport costs.

- ✓ The establishment of a logistics network is the essential element of performance logistics because it will designate the number of actors, the respective tasks, and their location. Those actors are factories, shops, warehouses.

1-2-2-2: Types of Logistics.

There are various forms of logistics. Some of the commonly known are as follow.

- ✓ Supply chain logistics, which enables the supply of stocks to companies and factories with raw materials, components, and subassemblies required for production.
- ✓ Production logistics which consists in making the materials and components available and necessary for production on the basis of production lines.
- ✓ Military logistics which aims to transport to a field of operations the forces and resources to ensure their operational implementation and maintain their support.
- ✓ Reverse -logistics which consists in taking back products that the customer does not want or wants to repair, or products to be recycled, for example.
- ✓ Transport Logistics or Distribution Logistics, which consists in forwarding to the final customer or the consumer the products it needs. It covers two main categories, transport of goods and the transport of persons.

1-2-2-3: Supply Chain Management.

On the light of these various definitions, there are some clarifications that are needed to be made. All these types of logistics are parts of the Supply Chain. But also, there is a distinction between Supply Chain and Supply Chain Management. The Supply chain management brings together these different types of the supply chain and consists of processes and functions necessary to reduce the costs of a supply chain and increase its flexibility in order to optimize its performance. (Able and Royez, 2004)Managing a supply chain is a set of approaches used effectively to integrate suppliers, producers and distributors, so that the goods are produced and distributed to in the right amount, at the right place and at the right time in order to minimize costs and to ensure the level of service required by the customer, (Able and Royez, 2004). The Supply chain is the activity and the science of creating and reinforcing the collaborative relationships between the partners in the same supply chain, partners that have a common goal to

deliver just in time the right products and services to the right customer, with the best quantity.

The objectives of the Supply Chain Management (SCM) can be stated as follow. The SCM is a strategy that aims to reduce overall costs, allowing a more competitive position for all parts of the supply chain, and the optimization of end customer satisfaction through greater adaptability of systems production and distribution. Doing SCM is to integrate both internal and external means to meet customer demand. The objective is to optimize all the logistical processes, to improve industrial competitiveness by minimizing costs, providing the level of service required by the client, efficiently activities on the actors of production, distribution, transport and information and ensuring that actors in the Supply Chain do not develop local antagonistic behaviors that the overall performance of the system(Powel, 1995).

In summary, Supply chain management seeks to improve the overall production system. There are numbers of indicators often used to appreciate the management of the Supply Chain:

- ✓ Customer satisfaction.
- ✓ Respect for delivery times.
- ✓ Supply Chain Flexibility.
- ✓ Information sharing.
- ✓ Risk management.
- ✓ Improvement of traceability.

As we can see these indicators can be grouped into three categories. Each of them is linked to a type of flow:

- ✓ Costs indicator for the financial flow.
- ✓ Cooperation indicators, for the information flow.
- ✓ Delivery indicator, for physical flow.

Of course, in the case of monitoring the performance of the Supply Chain Management, we can note that some indicators may be difficult to quantify. For instance, the qualitative performance indicators that measure customer satisfaction, flexibility, physical and information flow integration, financial risk management.

1-1 Relevance of the research topic

According to many researchers, quality is probably one of the most important values for companies and the more shared one by business actors (Able and Royez, 2004). The benefits from the implementation of the TQM have been the subject of several studies (Simmons and White, 1999). In fact, the current environment continually poses new competitive challenges for companies. To survive in such a moving environment, companies must be able to understand their environment, to meet customer needs, to anticipate and adapt continuously to new rules, the new requirements in order to sustain their operations. It is often acknowledged that the implementation of total quality management (TQM) is a determining factor for the long-term success of an organization (Beanmon 1999) and generates a competitive advantage.

Many studies consider quality as a determining factor on which the competitiveness of the company depends. As also, quality and innovation are seen as complementary to sustainability competitiveness (Royez, 2004). Several authors acknowledge that TQM forms the quality management system that is most appropriate for all (Fukuyama, 1995). Since the late 1970s, the TQM approach has been adopted by several organizations around the world, notably in the United States, Australia, Europe, Japan, China, etc. Some researchers argue that TQM is a holistic approach to quality management (Royez, 2004) enabling firms to build a competitive advantage (Powell, 1995). It is a management system based on a set of values, techniques, and tools. The TQM aims to satisfy all the stakeholders of the company: customers, shareholders, employees, suppliers and local authorities. It is based on principles with associated practices and techniques. The implementation of TQM practices leads to performance.

In reality it possible, from what has said above, to conclude that the long-term success of an organization and the building of a competitive advantage are based on the implementation of total quality management. The TQM provides a fundamental way to conduct business, making the business more competitive and more viable. Other research shows that successful implementation of the TQM can also result in improved products and services at lower costs, with more satisfied customers and more employees involved.

(Jun, 2016). That is, why *Successful effort to improve quality lead to higher profitability.[...] If quality is sacrificed in increasing profitability, the action will backfire.*” (Dr. Deming, 1990)

Definitively, quality sustains the business and leads to success in every way.

1-2 Research Objectives

The aim of our research is to understand how a supply chain generates quality for the client, first and quality for the stakeholders among them, the community. The objective is also related to the development of conceptual and methodological frameworks that may serve as a basis for further development in research and business management. In simple words, we aim to:

- ✓ Deepen our understanding of the concepts of quality as a key concept of sustainable business.
- ✓ Deepen our understanding of the role the supply chain in the success of modern business.
- ✓ Identify practices that contribute to the creation of quality, in other words, the creation of values.
- ✓ Identify the theories related to quality and Supply Chain Management.
- ✓ Understand how companies value their client.

As part of this research, we want to enrich the understanding of the processes and to clarify the relationships that may exist between stakeholders in the Supply chain based on the case of Yamato Kuroneko of Japan. But, beyond this work provides an example of quality implementation in the Supply Chain.

On the basis of the above definitions of quality, logistics or supply chain, we can set a stress out a first hypothesis that the supply chain is a factor of quality creation and, at the same time, a vector of quality. But, how is it possible?

1-3 Research Question.

In our quest to understand the quality generation in the supply chain based on the case of Yamato Transport Co., Ltd., we formulate the following question:

How is quality generated by the supply chain, in general, and the transport logistics, in particular taking the example of Yamato Kuroneko Transport in Japan?

Through this work, we will attempt to answer this question. However, previous studies previous studies attempted to give an answer to similar question. Such is the case of *illy Caffè*. Indeed, in the year 2012, (Biotto, De Toni, and Nonino, 2012) researchers had shown the tight relationship between quality and supply chain. Indeed the *illy Caffè* example has shown a business can obtain a better performance by an adequate integration of the supply chain. In fact, *Illy Caffè* Company does not have control over the transportation of the coffee. However, in order to maintain the product quality, not only the enterprise operated many controls but also share its knowledge with transportation actors. The company's diffusion of a culture of quality to its supply chain network enables the emergence of virtuous behaviors such as supplier self-selection, self-alignment to desired quality standards and generative learning.

The *illy cafe* is a very inspiring case in terms of how the supply chain, specifically the transport logistics can generate value such as quality of a specific service for the benefits of all partners in the supply chain including the final consumer.

For a better enlighten, again, the problematic of quality in the supply chain, analysis of the literature is fundamental. A literature review is the object of the next chapter.

Quality is an important factor in the performance of a business. In order to determine whether a product or a service is for quality, one can take into consideration many factors. The product must meet certain standards and specifications. But also there are other criteria to assess to determine or judge the quality of a service. These criterions are the rapidity to deliver the service, the saving cost or the good manner that goes with the deliverance of a service. That is why the quality can be defined as the conformity of a product or service to a certain standards, rules or features in addition to the positive appreciation of a customer for a received service or delivered product (Teas, 1993).

Logistic is a set of activities that consist of connecting a client or a customer to his supplier or provider of product or service. Transport service is a logistic activity called Transport Logistics.

In transport service, quality can be appreciated by the client on the basis of the quickness in delivery, the courtesy of the deliverer and the cost saved by using the transport service.

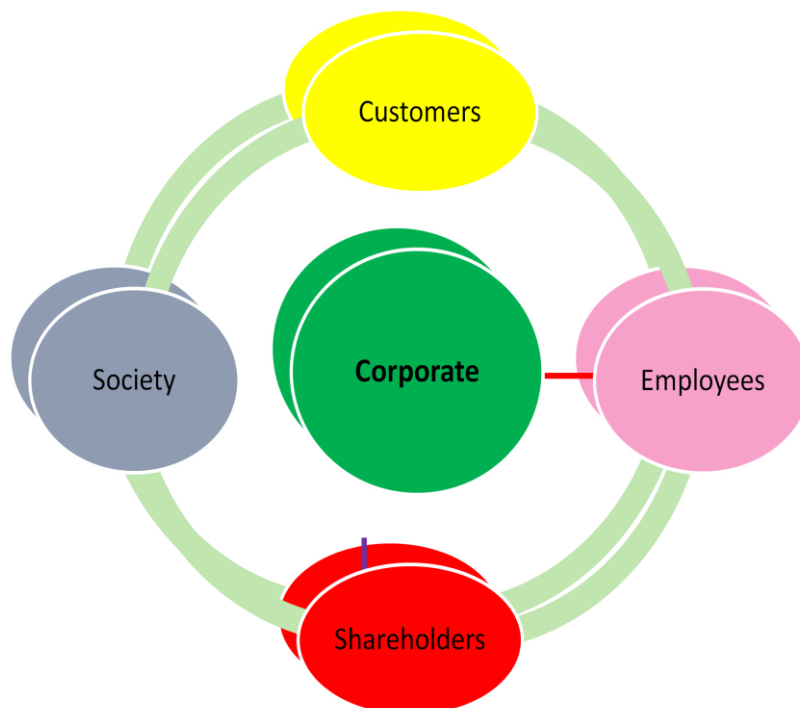
CHAPTER II: LITERATURE REVIEW.

The current trends of collaboration between companies have led several researchers to look for the motivations, behaviors, and benefits offered by such a strategic option.

2- 1: Stakeholders Theory.

The stakeholders represent, in this sense, all the actors holding, effectively or potentially, a decisive influence on the organization. Thus, stakeholder theory describes, examines and suggests management practices for these individuals or groups with legitimate interests in corporate activities (Donaldson and Preston, 1995)

Fig. 2: Stakeholders circle interested in quality.



The main statement of the stakeholder's theories is that different parties involved (customers, suppliers, employees, communities, trade associations, political groups, investors, and governments) participate in the management of the company (Donaldson and Preston, 1995). The influence of the stakeholders then leads the organizations to engage more and more in the conduct of a joint action with the different actors with whom they share a certain number of interests (Donaldson, Preston, 1995)

. The use of strategic alliances allows them to control the emergence of unpredictable behavior and to limit uncertainties and environmental risks. For stakeholder theory, inter-organizational agreements result from a strategic to limit uncertainties and environmental risks.

2-2: Contingency Theory

In order to understand the various cooperative movements that lead companies in the same area to form alliances. From this perspective, the motivation for interagency agreements is a result of the need to survive. The greater is the uncertainty about collective survival, the more immediate and important alliance relation will be. And, as soon as the environment becomes more complex, cooperative movements begin to appear in order to survive collectively in the new competitive space. The fact is if the alliance corresponds to collective survival form, it aims more at understanding the relations of power and dependence of resources that exist between organizations (Lorange, and Roos, 1992).

For the contingency approach and stakeholder theory, strategic alliances are therefore motivated by economic and or political interests. However, some companies may choose to associate with others, not for economic reasons, but because they know each other and have a common history, as suggested by the socio-emotional theory.

2-3: Socio- Emotional Theory

The socio-Emotional Theory adopts a social perspective and places the actor at the heart of the dynamic of strategic alliances. According to this approach, collaborative strategies are not only based on economic and political interests (population ecology, school of contingency, approach of the stakeholders.) but also on institutionalized behaviors that are linked to the culture of the actors, to the history of the relations (Zaheer, Mcevely, and Perrone, 1998). It is considered that economic actions are strongly embedded in

personal relationships that are based on interests, economic factors, but above all on non-economic factors that can also strongly influence the expected behavior. Moreover, in this connection, that many companies deal with individuals of known reputations or with whom they have already worked. The reputation of a person is indeed fundamental in economic relations. Through the network of relationships, the actor is able to learn about an individual's reputation (I trust someone recommended to me by someone I trust). These social networks, therefore, play an important role in cooperative movements. (Baumard, 2000). In brief, one considers the company as being strongly involved in a complex network of relationships.

The socio-emotional approach, as well as contingency and stakeholder approaches, place special emphasis on strategic interdependence and the conduct of joint action to explain cooperative movements. For these approaches, cooperation is seen as a form of management of strategic interdependence. However, their nature and their effects are only partially explained. It is then necessary to analyze the theory of resources and skills and the theory of networks to understand the strategic importance of a joining of resources in strategic alliances.

2-4: Resources- based Theory

The resource-based or skills and competencies theory examines the role of resources, knowledge, and skills in establishing and renewing competitive advantage. This approach typically distinguishes tangible resources, which represent the physical assets of the company (such as equipment, land, raw materials, etc.), and intangible resources that refer to the knowledge held by the company (knowledge Technological, organizational). The skills represent the company's ability to deploy its own resources (Wernerfelt, 1984). These competencies, which are internal to the company since they are the result of a historical process of accumulation, are therefore rare and difficult to market or to imitate because of their nature. As a consequence, what distinguishes firms fundamentally and explains their differences in performance are the resources and skills in their possession. Basically, the resources-based analysis states that the key resources and competencies that designate all the assets that provide a competitive advantage to the firm (Wernerfelt, 1984).

The challenge for firms is to properly manage and exploit their fundamental resources and to partner with other companies to acquire additional or additive resources in order to establish "bridges for the niches of tomorrow and thus conquer the future. It is said that firms must definitely focus on exploiting a portfolio of key competencies in order to reinvent a sector and regenerate core strategies. To this end, they advocate the accumulation of resources by taking advantage of the experience of employees or by accessing the resources of other enterprises through joint operations or alliances. The use of cooperation is considered as the best means of accessing complementary strategic resources (Wernerfelt, 1984). Cooperation can be made horizontally when competing firms combine their resources to reach a critical size enabling them either to better control upstream sources of supply or to reduce their production costs or better serve the downstream market.

The theory of resources, skills, and competencies, as discussed above, examines the role of resources, knowledge, and skills in establishing and renewing competitive advantage. The addition of assets of the same type allows companies to take advantage of the size effects (Wernerfelt, 1984), while through the gathering of complementary resources they benefit more from synergy effects. The resource-based and competencies or skills theory also consider the cooperation as a strategic means of partnering with other companies to rapidly acquire strategic resources. The network of partner companies set up for this purpose, therefore, facilitates the accumulation of resources.

2-5: Network Theory.

From the perspective of organizational network, the network is considered as a set of interconnected organizations through a form of the interdependence of material or non-material resources (Stuart, Ozdemir, And Ding, 2007). The network is, in fact, perceived as an organizational form that limits the commitment to assets by generating and facilitating the development of strategies of globalization. It allows the acquisition of strategic skills and expertise for each of the components through specialization; the strategic agency whose mission is to manage this core competence and to value it (Powel, Koput, and Smith-Doer, 1996). For some authors, the network replaces the use of collective assets contributed by the company in a twofold perspective: that of complementarities, each company being located on an element of the value chain, or that of an additive perspective, to achieve a critical mass by combining assets (Stuart,

Ozdemir, And Ding, 2007). The adoption of such a perspective makes it possible to apprehend the organization as a link in a wider network by emphasizing the utility of such a configuration in order to access resources more quickly. With the theory of resources and skills, the theory of networks makes it possible to understand the interest and the organizational result of a gathering the needed resources in the strategies of collaboration.

Specifically, size effects provide access to new markets and a wider range of products and services, while synergistic effects are typically characterized by lower transaction costs and learning new skills. Therefore, to understand this second advantage, in terms of synergy, we propose to go through the theory of organizational learning.

2-6: Organizational Learning Theory.

The principal idea of the learning theory is that there is certain know-how in the organization that is inimitable by outside the company actors (Garrette and Dussauge, 1995). From the perspective of organizational learning, a company that wants to access this kind of competence must, therefore, establish a strategic alliance with a partner who possesses this know-how. Organizational learning theorists focus on strategic alliances as an effective means of accessing new capacities, which are by nature difficult to transfer. Moreover, the structure in which the partners work together is indispensable to reveal the know-how. The know-how targeted can only be revealed by reconstructing in co-operation with the organization to which this know-how is intimately linked (Garrette and Dussauge, 1995). In general, learning through the alliance is preferred to autonomous internal acquisition or development, in that way it makes it possible to reveal, through co-operation and joint work, the know-how that is difficult to transfer.

2-7: Transaction Cost Theory.

Transaction cost theory plays a central role in defining company limits (Garrette and Dussauge, 1995). Such an approach proposes an economic justification (in terms of costs) of situations where cooperation is preferable to mergers and acquisitions on the one hand and simple contracts on the other. In fact, the theory of transaction costs is based essentially on two hypotheses: limited rationality and the opportunism of individuals (Jones and Riey 1985). The authors of this theory consider that the choice of a management of the company is justified if the costs of coordination by the market are

higher than the costs of coordination by the hierarchy. According to Williamson, transactions with high levels of specificity, complexity, and frequency will rather take place within an organization than through the market. Whenever a company reaches a certain size and complexity, coordinating by the administrative hierarchy is the more efficient way of coordination of activities than the formation of a spontaneous consensus (Williamson 1985). In such a situation, the transmission of information becomes more costly, interests and information diverge and cooperation is more difficult to achieve. The theory of transaction costs demonstrates that the use of an alliance can prove to be economically optimal in certain situations.

The theory of transaction costs, in addition, stipulates that firms' decisions are taken individually on the basis of a given economic context, with the unique objective of minimizing costs. The use of the alliance makes it possible to lower transaction and production costs. Such an economic perspective is also adopted by agency theory.

2-8: Agency Theory.

The agency's theory foundation is based on the analysis of the agency relationship and agency costs. The agency relationship can be defined as a contract by which one or more persons, the principal, engage another person, the agent, to perform on his behalf any task which implies a delegation of a certain decision-making and power to the agent (Garrette and Dussauge, 1995). Any contractual relationship between two individuals can then be considered as an agency relationship. For instance, the relationship between a patient and a doctor, between an employer and an employee, an owner, and a manager are an agency based relationship. For the theory of the agency, this relationship poses a problem because of the divergence and the asymmetry of information between the two parties. There are three types of agency costs (Garrette and Dussauge, 1995).

- ✓ Costs incurred to supervise by the principal to limit the opportunistic behavior of the agent and the incentive costs (incentive systems) incurred by the principal to direct the behavior of the agent.
- ✓ The costs of obligation or commitment costs that the agent may have incurred to put the principal in confidence (cost of motivation).
- ✓ The opportunity cost referred as a residual loss, which is assimilated to the loss of utility suffered by the principal as a result of a divergence of interest with the

agent. This type of cost can be incurred by the principal following a management by the agent unfavorable to the interests of this one.

The problem is then to determine the form of organization (market, firm or cooperation) that minimizes agency costs. In this respect, authors point out that excessive external costs do not necessarily lead to internalization of the activity because the use of hierarchical organization implies an increase in the number of delegations of responsibility and therefore a certain increase of organizational and management costs but also some loss of control over the organization. In this perspective, internalization or partial outsourcing can then take on a lower production risk, reduce the costs of coordination and management, without a substantial increase in agency costs.

We have seen from this analysis, strategic alliances ultimately bring together the tangible and intangible resources and the skills of the various partners (resource theory, network theory), whether they are complementary or additional. The partners make the decision to get in a relation with each other because they have common economic interests (stakeholder theory, school of contingency) or because they already share a common history or personal links with certain actors (socio-emotional approach). Through alliances, they can access cost advantages (theory of transaction costs, agency theory) of size, synergy (resource theory and skills), or benefits associated with learning effects (Theory of organizational learning).

Whatsoever the variety of practices and the nature of the alliances actors can tie the business cooperation, the ultimate objective is to enable them to produce more and better in term of quantity or quality but also in term of efficiency and effectiveness.

By highlighting the main motivations and the different advantages offered by strategic alliances, we can better understand the outcomes of such a strategic option by Yamato Transport Co., Ltd.

CHAPTER III: METHODOLOGY.

This work is done on the basis of a qualitative approach.

3-1: **Justification**

There are some reasons behind the choice of qualitative method and the case of Yamato Transport.

3-1-1: **The choice of qualitative methodology**

The reason why we adopt a qualitative methodology is double.

Firstly, according to some writers, if the research question aims to understand the *how* or *why* in analyzing phenomenon, the qualitative methodology based on a case is likely the most appropriate strategy (Yin, 1994). In this research, given the fact that we want to understand how the quality in logistic transport is created and developed, the qualitative methodology based on a case is consequently the most suitable. In addition, this research strategy is also appropriate to the objectives of our study and the knowledge we wish to generate. In fact, our research project consists in revealing the antecedents and modalities likely to favor the emergence and the development of the quality between the partners involved in Supply Chain. To understand how quality is created and developed through the interaction of actors, we can only analyze the trends through trying to understand the intentions and motivations. Only a qualitative methodology based on case studies can truly enable understand full meanings. Also, the qualitative approach gives an interpretation of the structure of a phenomenon, its configuration, rather than the causes of the phenomenon. Our research is not to predict the phenomenon studied or to verify it, but to understand it in depth and to explain while relying on certain theoretical studies.

Secondly, we personally are not good enough at handling figures to allow ourselves get involved in a study and a research on the field of equation and statistics huge uses. For instance, a study on the correlation between the current financial performances of Yamato Transport Co., Ltd and the implementation of quality management in their

Supply Chain. However, our willing and intention to know more about quality and supply chain is strong and unquestionable.

The matter of quality and Supply chain is indeed strongly linked to our future career, work, and responsibility. To that end, we undertake the initiative to understand quality and Supply Chain, for now, from a different angle based on observation and interpretation of facts and practices.

In brief, the formulation of the research question and the objectives of our study justify the need for a qualitative methodology. Our research is about the interpretation of a phenomenon studied while based on the interpretation of other researchers. Thus, in our research which seeks to understand some business practices, our aim is to study in-depth quality as well as Supply Chain. If so, this does not mean that any figures won't be used in this research project. In some aspects, in fact, figures are fundamental to back up some facts. The choice of a research method is conditioned by the research problem, the possibility to access to research ground and the capacities of the researcher (Yin, 1994).

3-1-2: The choice of Yamato Transport Co., Ltd

Around the world, the name of Japan has been associated with quality. Relying on that simple hypothesis, we took the happy decision under the collaboration of JICA (Japan International Cooperation Agency) to come to learn Japanese way of doing business. The ultimate goal is for us to play the role of a bridge between Japan and our countries in days ahead as reliable business partners of Japanese industrial and business actors.

By choosing to work on this topic, we aim at building a great understanding of the way quality is conceptualized, applied and sustained. Yamato Transport also is known as Kuroneko is one of the leading players in its field in Japan, if not in the world.

It also worth to note that the field trip we did make at Chronogate Yamato facilities in Tokyo supported by APU University administration in February 2016 was the starting point for us to pay closer attention the company operations and management.

3-2: Data Collection

The qualitative research generally involves the five sources the following.

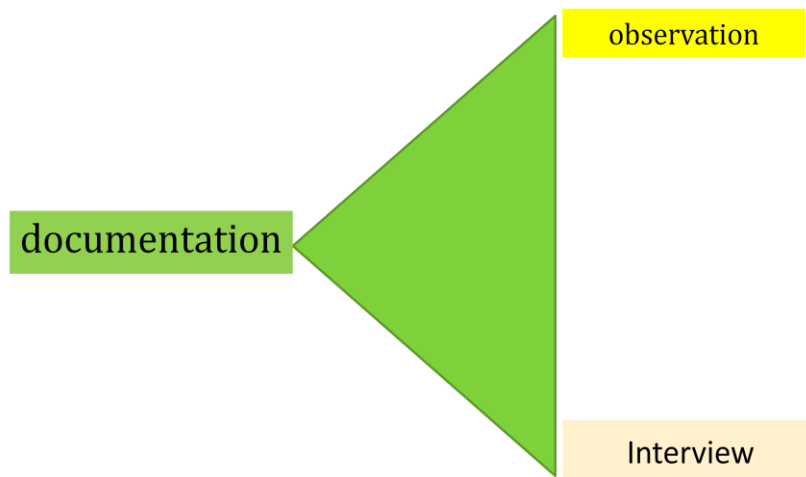
- ✓ Documentation: all the present writings on the field studied

- ✓ Archives: the set of written records in the past related to the topic.
- ✓ The interview: the face-to-face interview with actors, company's members or companies service users, the clients.
- ✓ Observation: the presence of the researcher at the research site.
- ✓ Participatory observation: the daily presence of the researcher and his participation in the social movement.

Yin also explains that in the qualitative triangulation of data is an essential source of validation. It is differences, constructions to highlight the heterogeneity of the throughout our research, the triangulation of data helps us.

3-2-1: Methods of triangulation

Fig.3: Triangulation



3-2-1-1: Documentation

Documentation is the set of documents that pre-exist interviews and were not produced to answer the researcher's questions. These documents are essential for the analysis, or explanation of the evolution of a project. The documents we collected and analyzed helped for understanding the evolution of the targeted organization. First, we examine references documents related management, explaining the policy, strategy, and objectives of the organization, documents observers explaining their understanding of the policy, the strategy and the progress in the industry. These documents are a major source of information on the process of our analysis.

3-2-1-2: Interview

The interview is a privileged means of accessing facts, representations, and interpretations of situations known to the actors. In management sciences in particular most qualitative researchers are fueled by actor words to understand organizational practices and representations of experiences. We have adopted this tool because it is a way to access facts, representations and interpretations customers of Kuroneko, mainly clients living in APU house 1. We wish to analyze their vision of how the organization works, objectives thought, difficulties envisaged.

We conducted interviews at APU house 1 with students randomly informal interviewed to on whether they know the company of Kuroneko, or are they user of the delivery service.

3-2-1-3: **Observation**

Observation is a mode of data collection in which the researcher processes, or behaviors that take place in the organization, for a defined period of time. Observation has two advantages (Wacheux, 1996). On the one hand, it reduces the distance between the subject and the object of the research, by restoring to man a role of an actor of the reality. And on the other hand, it does not artificially produce data, which guarantees the very reliable information provided (Yin, 2003).

There are many statuses of the observer.

- ✓ The complete participant: the observer participates in the activities of the group studied without disclosing his status as a researcher. He becomes a full member of the group.
- ✓ The participant observing: the identity of the researcher is disclosed. The searcher integrates with the community, participates in activities, in the same way as the other actors of the group.
- ✓ The observer who participates: he makes his role as a researcher public without formally participate in the activities of the members of the organization. It does not collaborate normally to the daily tasks with the members of the organization. He is in the company to look at other individuals at work.
- ✓ The complete observer: the researcher is placed in a situation where he observes without having direct contact with the subjects of the research.

Our choice was based on the status of the complete observer.

3-2-2: **Limits of methods**

The complexity of the context of this research was on the ground with company's contact that was reluctant to cooperate due to lack of time and above all and in our opinion, the possibility of having to reveal sensitive and strategic information to us. In addition, the fear of having to disclose strategic information of companies is also an obstacle to go into deep in our research. As JICA Program participant, we did sign different documents that bound us not to disclose information gathered from companies without their authorization. Since the very beginning, we understand the company's related information is a very sensitive matter, especially in Japan.

This work is provided with information we mainly got through reading various documents from different sources. But, in addition to the secondary data, we did take into consideration primary data grasped from Kuroneko service user and our own observation activity. However, we have to acknowledge that much more can be done if we were able to overcome some personal constraint and independent factors.

CHAPTER IV: RESEARCH GROUND: YAMATO TRANSPORT CO., LTD

4- 1: The Company History.

In the 29th of November 1919, Mr. Koshi Kogura started running and the company that is well known today as YAMATO HOLDINGS CO., LTD. Yamato group services are well appreciated, it is also a fact the company is popular for the uniqueness of its logo made of a black cat carefully handling his kitten just means the idea of how caring the company is vis-a-vis the goods clients hand over their services.

Fig. 4: Yamato Transport Logistics Logo.



ヤマト運輸

Source: <https://www.google.co.jp/search?q=yamato+logo+image+tbm=isch&imgil=By1iJo4R04U5nM%253A>

4-2: The Company Management

Yamato Holdings Co., Ltd is a Japanese corporation listed a Tokyo Stock Exchange.

Fig.5: Overview of the Legal status of Yamato Holdings Co., Ltd.

As of March 31st, 2016

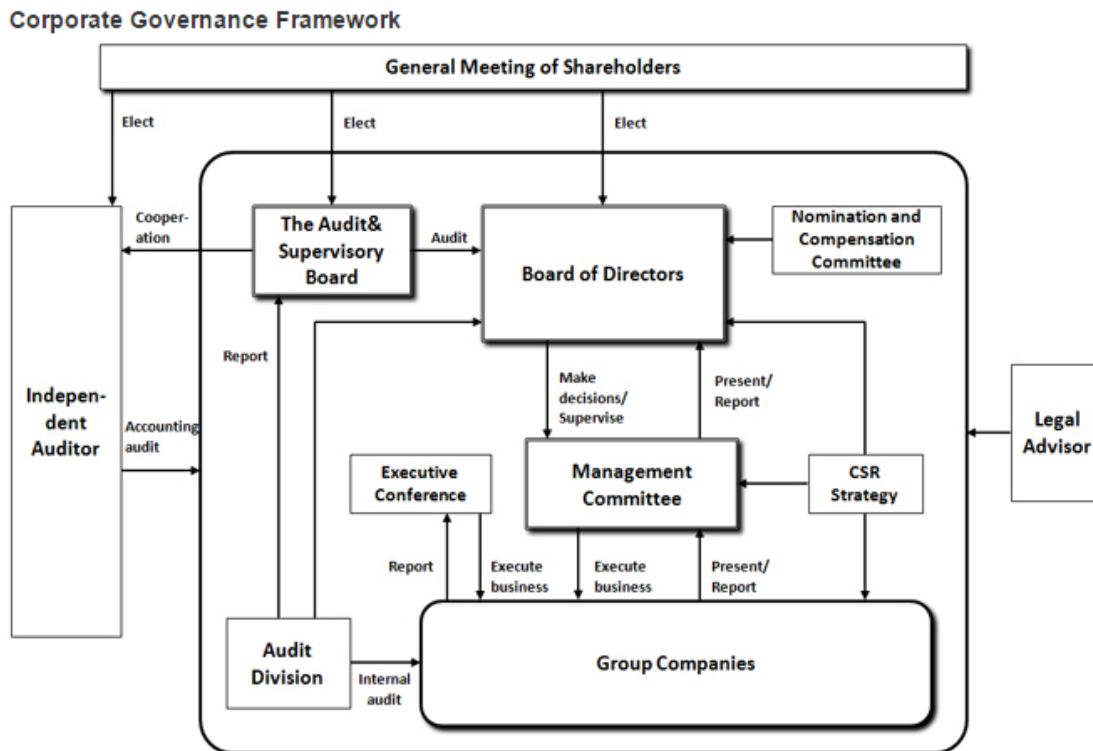
Company Name	YAMATO HOLDINGS CO., LTD.	
Established	November 29, 1919	
Headquarters	16-10, Ginza 2-chome, Chuo-ku, Tokyo 104-8125	
Representative	Masaki Yamauchi President	
Paid-in Capital	127,234 million yen	
Share Data (As of March 31st, 2016)	Number of authorized shares:	1,787,541,000
	Number of issued shares:	411,339,992
	Number of shareholders:	35,079

Source: <http://www.yamato-hd.co.jp/english/company/information.html>

Yamato Holdings Co., Ltd is currently run by the keys executives running the company in the light of three basics principle that made up the company philosophy².

² <http://www.yamato-hd.co.jp/english/company/precepts.html>

Fig.6: Yamato Group Governance Framework.



1. We ‘all’ represent the company
2. We deliver with a personal touch
3. We work with gratitude and politeness

Source: <http://www.yamato-hd.co.jp/english/company/governance.html>

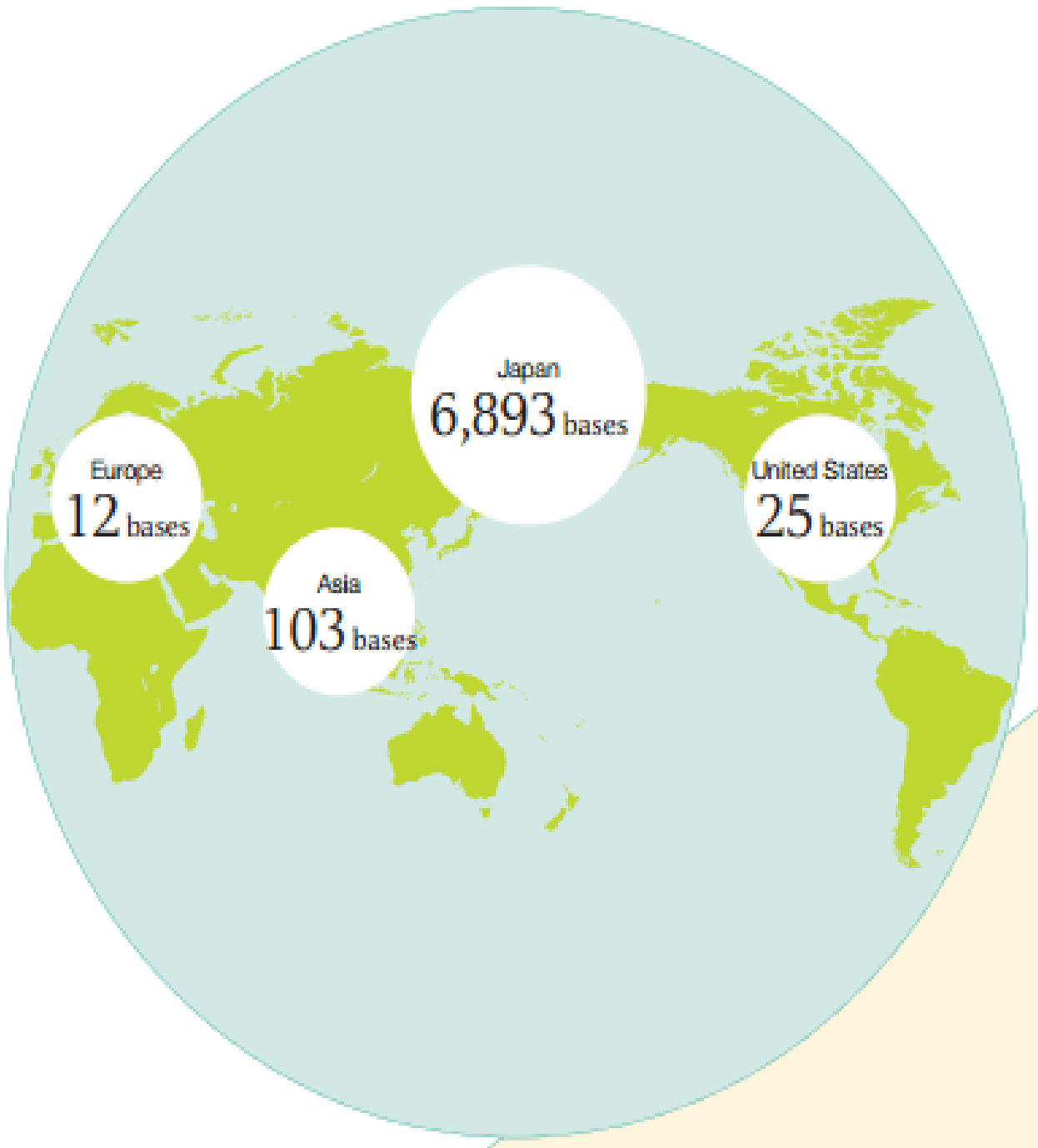
Yamato company mission stands for “ *getting the best marks in all of the four categories, “customer satisfaction”, “stockholder satisfaction”, “society satisfaction” and “employee satisfaction”, and to become an “Asia’s No.1 solution provider in distribution and lifestyle support³”.*

³ <http://www.yamato-hd.co.jp/english/company/message.html>

4-3: The Company Market

The largest market where Yamato Holdings Co., Ltd is currently operating is the Japanese Market covered ad 100%. However, the company is an international player in the field of Supply Chain as suggests the following market map.

Fig.7: Yamato Holdings Co., Ltd operating market.



Source: <http://www.kuronekoyamato.co.jp/en/business/solution/oversea/>

4-4: The Company Business lines

It may be a misunderstanding to think that Yamato Holdings Co., Ltd is operating only in parcels delivery service. The company is much more diversified as we may think. Here is a list of Yamato Holdings Co., Ltd operating business area⁴.

- ✓ The delivery service

The Delivery business is a small parcel delivery services for the general public such as a family gift.

Fig.8: Delivered item to a customer.



Source: <https://www.google.co.jp/search?q=Family+gift+parcel+delivering+image>

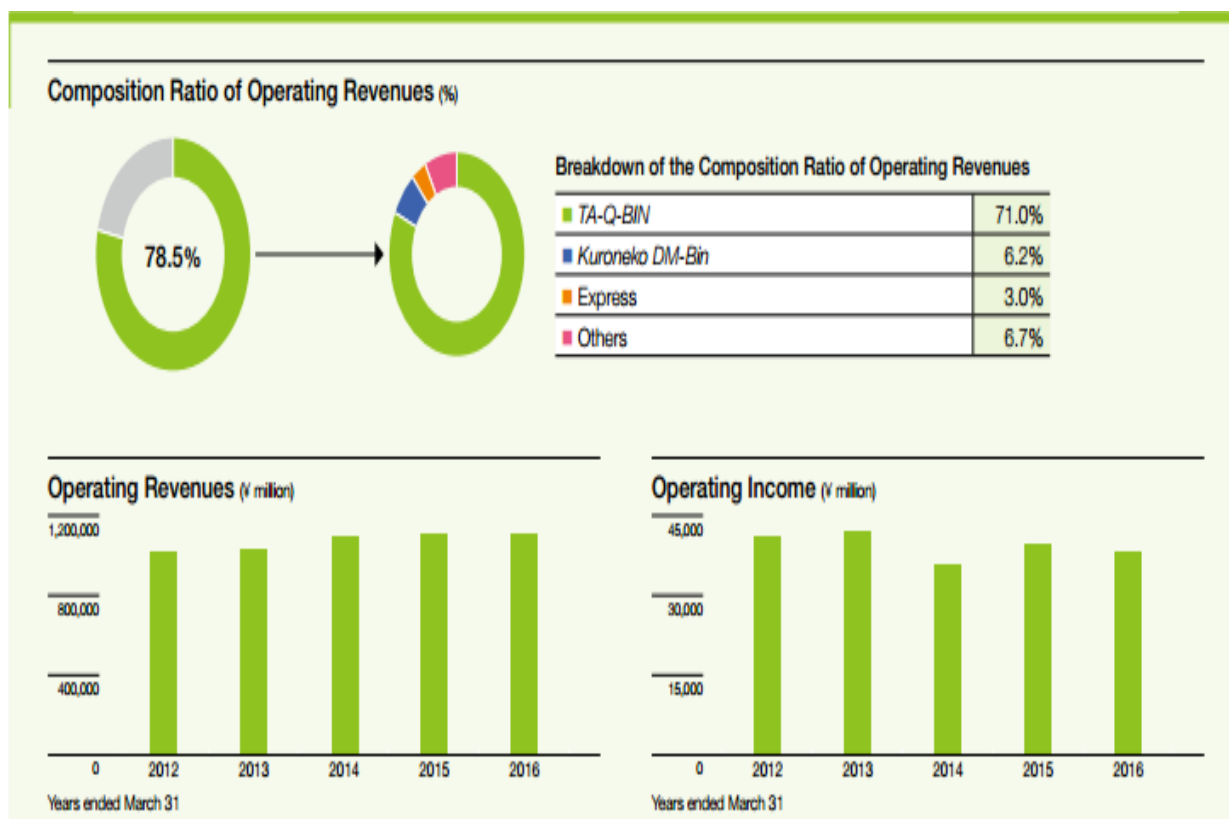
Yamato delivery service is commonly known in the market with the trade name of TA-Q-BIN. The business has also quickly introduced to the market high value-added services developed from the customer's point of view, such as Cool TA-Q-BIN and TA-Q-BIN Collect. For Business client as well as for customers, the delivery service is about delivering goods in office, at home, at a convenient store or again a mailbox at the convenience of the client in terms of time of delivery. However, if the deliverer fails, there is a possibility for the client to rearrange another delivery within the 24 hours and for free of charge. The TA-Q-BIN service is also available for overseas.

⁴ http://www.kuronekoyamato.co.jp/en/business/international/itn_tagbin/

- ✓ BIZ-Logistics: BIZ-Logistics handles logistics and other B2B distribution operations. BIZ-Logistics helps its corporate clients manage their supply chains by providing innovative logistics services and reducing total costs, and presents proposals for optimized logistics systems.
- ✓ E-Business: E-Business is a range of information services for corporations, including ASP services and information system development. Based on the three keywords "tracking", "security", and "packages", the e-Business strives to provide unique services making the most of the Group's management resource
- ✓ The Financial business: The Financial business includes settlement and other financial services targeted at consumers and business customers, beginning with mail order firms. The business offers several types of settlement methods, including payment on delivery and payment by credit card. Along with the increasing popularity of Internet shopping in recent years, we have constructed an environment that enables customers to conduct transactions with complete peace of mind.
- ✓ Autoworks: This business mainly comprises maintenance of trucks and other vehicles for transportation companies
- ✓ Other: These businesses comprise a broad range of shared services, including highway transportation and personnel placement services.

Yamato Holdings is a service company. Various services are offered both in Japan and around the world. Each of the service offered by Yamato can be a reliable topic of study in order to understand the quality matter in this company. But, in this work, we are mainly focused on the transportation service, Yamato Transport Co., Ltd. The choice can be justified in different ways. But, for us, the transport service is the heart of the Yamato Holdings Co., Ltd as the transport service underpins the delivery service. Of course, we acknowledge that different services might be linked each other. For example, the Autoworks service is repair service but as such, the service repairs vehicles that are, in return, the main assets in the transport service. Moreover, the delivery service is, in reality, the core business of Yamato Holdings. Looking the delivery service from inside the company this business line weights for more than 70% of the company sale.

Fig.9: Percentage of the delivery service over the Operating annual revenue of Yamato company.



Source: http://www.yamato-hd.co.jp/investors/library/annualreport/pdf/2016/ar2016_08_03.pdf

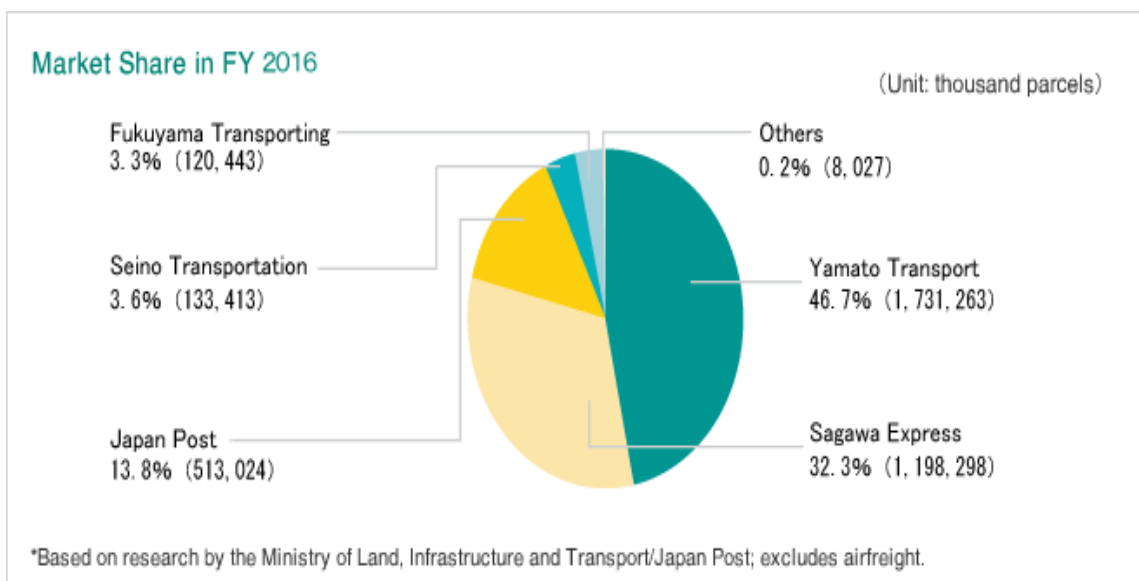
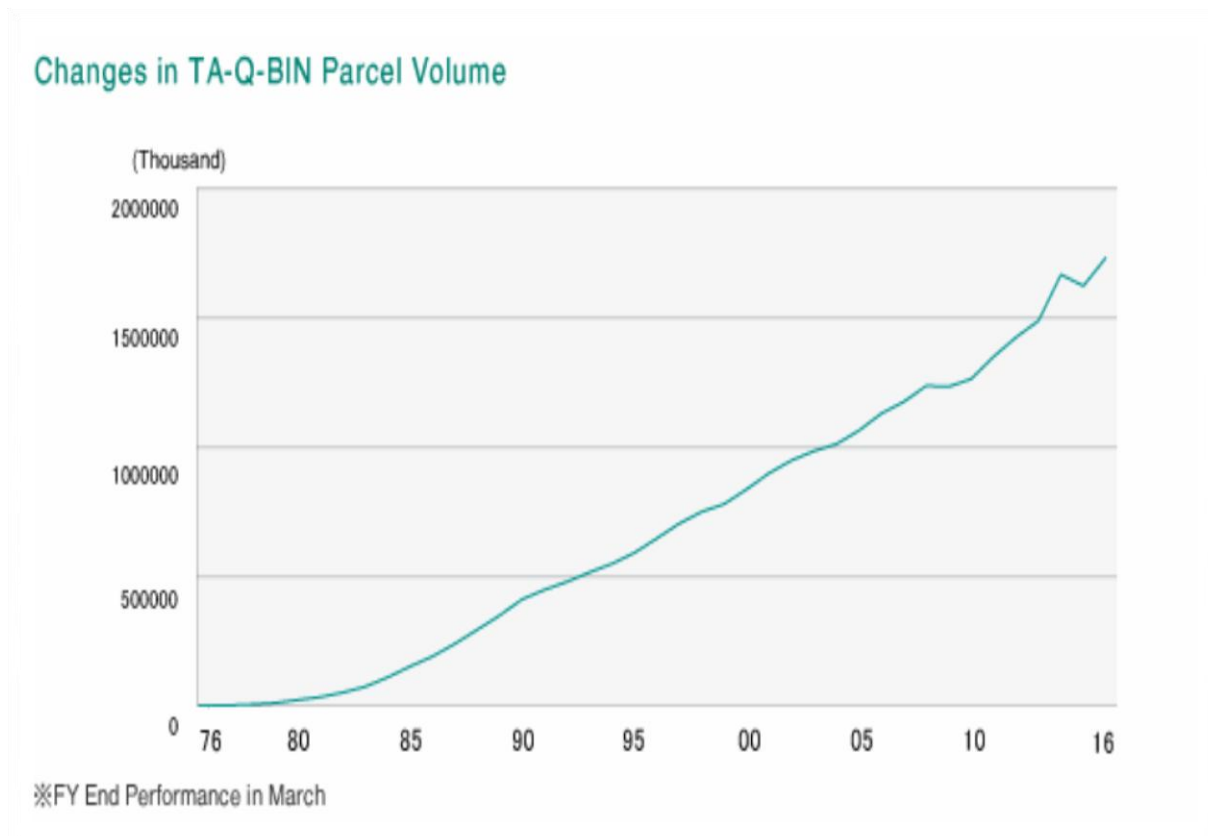
Fig.10: Sales on delivery business line

1. TA-Q-BIN	
Volume	155,301,567 parcels
Year-on-Year Change	↑6.0%
Cumulative Volume	1,867,563,562 parcels (↑7.9% year-on-year)
2. Kuroneko DM-Bin	
Volume	136,789,236 units
Year-on-Year Change	↑2.8%
Cumulative Volume	1,542,166,092 units (↑0.4% year-on-year)

Source: <http://www.yamato-hd.co.jp/english/investors/financials/monthlydata/h2903.html>

From outside viewpoint, Yamato is number leading the market in the segment of parcels delivery.

Fig.11: Delivery Service trends in the Japanese Market



Source: <http://www.yamato-hd.co.jp/english/investors/market.html>

Another reason is that the transport service is more familiar to us because we used it, because people around us used it in daily basis and because it is easy to observe the transportation service from APU dormitory as every day, based on our own observation, Yamato agent deliver at least three times a day, and most often, they deliver more than three times in weekends.

Looking closely at different figures, the Yamato Transport Co., Ltd. of the Yamato Holdings Co., Ltd is a huge contribution to the success of Yamato Group. Taking the lead in the Japanese market has a meaning. That meaning is that a large number of users trust the company and are kept loyal. And situation reminds Dr. Deming assumption which goes like: *“Quality keeps customers loyal. Loyal customers bring company’s profitability.”* (Dr. Deming, 1990)

The question is known how Yamato Transport generates de quality of its service that kept its client loyal? The answer to this question is the object of the next chapter which is about the findings.

4-5: Current Financial Highlights

Yamato Holdings Co., Ltd: Overview of Financial current performance is that Yamato Business is going well.

Fig.12: Financial Highlights

Financial Highlights

(1 million yen)

	FY2012 (Ended 3.31.2012)	FY2013 (Ended 3.31.2013)	FY2014 (Ended 3.31.2014)	FY2015 (Ended 3.31.2015)	FY2016 (Ended 3.31.2016)	Previous Term Comparison	
						Change	Growth (%)
Operating revenues							
Delivery	1,014,564	1,028,219	1,099,400	1,101,439	1,111,867	10,428	0.9
Non-delivery	246,269	254,155	275,210	295,269	304,546	9,277	3.1
Total	1,260,833	1,282,374	1,374,610	1,396,708	1,416,413	19,705	1.4
Sales Profit	66,651	66,203	63,096	68,947	68,540	(407)	(0.6)
(Margin)	5.3%	5.2%	4.6%	4.9%	4.8%	-	-
Net income (loss)	19,787	35,144	34,776	37,533	39,425	1,892	5.0
(Margin)	1.6%	2.7%	2.5%	2.7%	2.8%	-	-

Source: <http://www.yamato-hd.co.jp/english/investors/highlight.html>

Fig.13: Valuation measures

Valuation measures	
Mar-17	
PER	51.41
ROA	1.63%
ROE	3.35%
Operating margin	2.37%
Profit margin	1.23%

Source: <http://asia.nikkei.com/Company/05HWCW-E>

Whenever the name of Yamato Kuroneko is mentioned in Japan, and probably in the world, the idea that immediately comes out is the delivery service. But the company founded 98 years ago is actually a diversified service company. The fact the company is leading the market in, in the context quality-oriented and aware customers, is a sure sign that the service developed by the company is a quality service, if not unique and innovative.

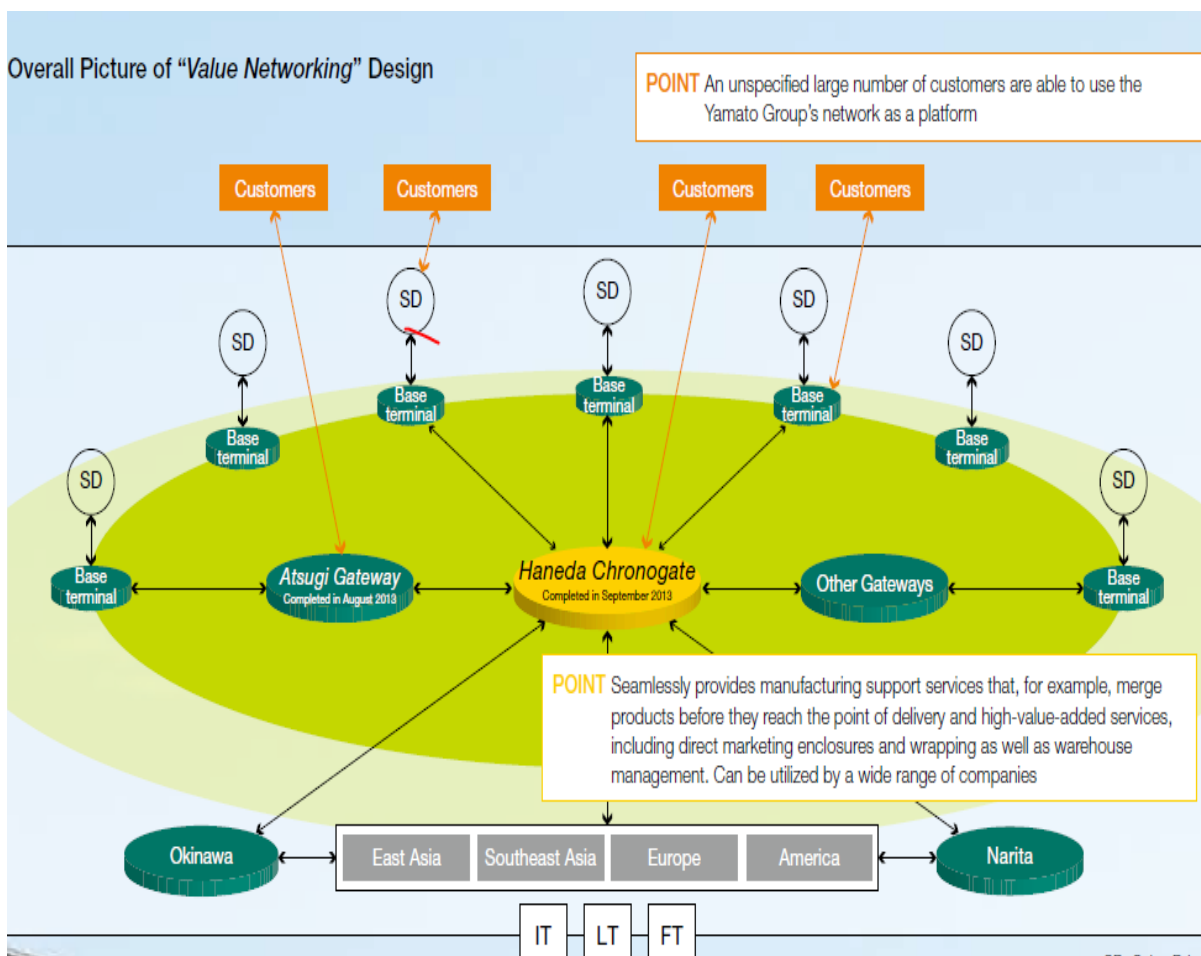
CHAPTER V: RESEARCH FINDINGS

Our research strategy leads to three main strategies that the Yamato transport deployed to create a great value of quality that kept its profit increasing, its customer's basis growing and kept loyally. The three facts we pointed out explained the reasons why Yamato Kuroneko can deliver faster, cheaper and friendlier.

5-1: Deliver faster.

In the context of globalization, many sectors of industry are irremediably confronted with the internationalization of their suppliers and customers and the need to access emerging markets with new opportunities for growth and development. To be closer to its customers located in the Asia region Yamato offers a next-day service through a good design network.

Fig.13: Yamato Transport Network



<http://www.yamato-hd.co.jp/english/>

In 2007 Yamato group acquired land to construct the Haneda Chronogate in the context of network innovations and the building of a TA-Q-BIN network in Asia. The construction of the Haneda Chronogate general logistics terminal hub to connect Japan with the rest of Asia brought that rapid pace in parcels and goods delivery. As a consequence, from Haneda Chronogate Yamato enables itself to be able to realize same-day deliveries between major cities in Japan. In November 2015, the full-scale operation of the Okinawa International Logistics Hub brought also the next-day deliveries to other parts of Asia.

Fi.14: Okinawa Hub and its position vis-a-vis Asian majors cities

Southern Gate holds the key to rapid transportation to Asian regions



Source: <http://www.yamato-hd.co.jp/english>

Developing a rapid transportation in the context of economic growth and market expansion in Asian regions is an option of Yamato Transportation group. The creation of the Southern Gate Operations in Okinawa aimed at developing an international logistics that is faster, of higher quality, and more competitively priced.

Furthermore, Yamato Group has been engaged in providing Asia with high quality, high-value-added logistics services that integrate small lot transportation networks with logistics. As part of the acceleration of this strategy in Asia, the Group concluded a business collaboration and capital alliance agreement with GD Express Carrier Bhd. (GDEX), one of the leading parcel delivery companies in Malaysia, in January 2016. GDEX is a transportation business company that has, in terms of sales, the second-largest share of Malaysia's parcel delivery market.

5-2: Deliver cheaper.

In addition, there are growing needs for customers to reduce their total inventories of products to be shipped overseas. To address these needs, Yamato group has been leveraging an international logistics center in Okinawa, a strategic location for logistics in Asia, from August 2013. In November 2015, Yamato started operations of the global logistics center “Southern Gate” in Okinawa. While taking advantage of Okinawa's superior position, in addition to the value of existing efforts to enhance competitiveness and control costs through total inventory management, Southern Gate realizes non-stop logistics in a borderless manner by providing other value-added functions—including replenishment, kitting, repair and maintenance, merging and support the strengthening of customers own competitiveness. Here is quoted

“We dispensed with transporting machines between bases, which involved travel to and from the repair center and the terminal, and at the same time achieved a shortening of lead times by an average of one day and reductions in transportation costs. Furthermore, improvements other than in lead times resulted, such as the timely reporting of monthly performance data and hence faster responses, a reduction in human error through the use of operational systems, and a quicker pace in the speed of the operation through closer communication with those responsible for carrying out the repairs. As a result, we have achieved a year-on-year reduction of more than 50% in the number of user complaints relating to repairs for two consecutive years⁵.”

⁵ http://www.yamato-hd.co.jp/investors/library/annualreport/pdf/2016/ar2016_00.pdf

By innovating its domestic and overseas networks, Yamato is bringing about the evolution of logistics from a focus on cost to a means for generating new value, thereby contributing to growth strategies for the Japanese economy and engaging in logistics reform. Another example is a major electronics manufacturer, for example, has contracted with Yamato since summer 2013 to store and ship components for cash-sorting devices. The shipper manages 4,200 different replacements parts for Okinawa site. With 4 hours of majors Asian cities by Air, and deliver them as need. (Yasuhiro, 2015)

5-2: Deliver with Human Touch.

The literature on quality reveals the quality of service is one of the factors that retains customers. In fact, one of the Yamato Principal quoted above states that “*We deliver with a personal touch*” Actually we think that this strategy is successful and has made a positive impact that makes the difference. We can understand that hearing witness from customers we interviewed. Here are some quotes from them.

Fig.15: A client being delivered a parcel by a Yamato agent.



Sources: http://www.yamato-hd.co.jp/csr/report/pdf/YAMATO-HD_CSR2015E_All.pdf

Hospitality through the Supply Chain to deliver not only a good present but also to deliver a good sense of humor from the sender is one of the facts that made up a quality service for Yamato Transport Co., Ltd.

Human factor combined with a strategic network truly make an impact on the way people see the Yamato service. Of course, we have to recognize the warehousing client products and packaging also brings quality to those clients in the viewpoint of inventories cost saving.

The construction of a strong network helps Yamato group to cover up 100% of Japanese territory. The same-day-delivery strategy allows customers in Japan to receive in the same day a good or a gift from wherever in Japan. In different words, it is to say how fast the delivery system in Japan as is said many customers.

The same delivery network added to many strategic alliances between Yamato group and other players in the Asian main cities area, in Europe and in America enables the company to deliver faster in these regions. For instance, the next-day delivery strategy that enables the company to deliver faster in the 4 hours time in the main cities in Asian.

It is also worth to note that some business client rely on Yamato facilities to store the products reducing in that sense the inventories charges. Such a reduction of cost for the client has a impact in the evaluation of the quality of the service.

A century old is much telling of the capability of the organization to sustain its business. It is needless to remind that in the business world, only players who deliver quality remain and sustain.

Yamato delivers quality by different means. When the time to reach a customer is shortened, this is quality. Shortening the time to reach the customers is possible when the company services are located at the right places like being near Haneda Airport. The quality can also be made when a client inventory charge are lessened down because the client takes advantages offered by Yamato facilities. In addition to time and inventory management, quality is also high when the delivery is associated with a human value of kindness, caring, and friendship.

Yamato case reveals the application of several theories. The networking theory, the organizational learning theory, the agency theory, the resources- based theory, the contingency theory find all and application ground with Yamato group.

On the basis of what has said above, we affirm that Yamato Group strength is its capability to take advantages of the geography location, the humanity side to foster its business.

CHAPTER VI: DISCUSSIONS

There are two categories of issues we wish to mention here.

5-1: **Internationalization related issues.**

In different part, we discuss the issues related to internationalization of the market and the response given by Yamato Transport Supply Chain Company.

Our current time is full of challenges for the Supply Chain. The same remarks are also true for the quality. In fact, the business environment is complex due to several factors.

Firstly, the world becomes one village. As such, goods and merchandise easily circulate from one place to another. And the technology evolves, allowing customers to be more aware and to pay more attention on the quality of services or product they are receiving. In another perspective, customers are more and more sensitive to the price of what they are been offered. At the same time companies seek to maximize their profit through minimizing their expenses. The modern supply chain should be able to demonstrate capabilities to survive by giving an adequate response to the various customers requirement and a moving business environment. Customers not only want lower prices, but they also want their products on time. Cheaper and faster is a big challenge Yamato will need to take up in the future to keep on satisfying a larger basis of customers in Japan as well as in the world.

Secondly, another challenging factor is the product or the service features that are constantly changing. This means customers needs vary in accordance with the market product availability. A new product is no more new for long time. The product lifetime becomes indeed shorter than ever due to the rapid innovation or the possibility of quick imitation by competitors. A new product has come and customers are looking for another new one. That is why, to survive in today market, innovative services in the supply chain are the key.

The third challenge is the innovation. For many companies, innovation requires heavy resources investment in R&D. The consequences of innovation are enhancement capabilities de get quality in quantity but also in the right time in every corner around the world.

In brief, customer's expectations nowadays are more demanding than ever. As described here, companies have responded with global networks, product innovation, and market expansions. This means that companies now rely on supply chain managers to optimize their value chains in order to stay competitive. As such, it's no surprise the supply chain service is in high demand.

5-2: Human quality and globalization related issue.

Yamato Transport, the leader in logistics and delivery, is considering major changes in its delivery service. The rising online shopping orders, in a context of shortages and high labor costs, are indeed a major problem. For the year ending 31 March 2017, Yamato delivered a record 1.8 billion parcels of parcels, 30% more than five years ago, while offering the same quality of service (deliveries Free dates, weekend and late night delivery slots). However, this increase is accompanied by a shortage of labor, particularly for truck drivers. Thus, for the first time in 27 years, Yamato has begun discussions with customers such as Amazon Japan to increase its delivery rates. The company also plans to reduce the number of delivery schedules, increase its employee's salaries, while considering new delivery platforms such as lockers at stations (Muramatsu Y.2017). Furthermore, a strong business network building is ongoing around the world. The relation between partners is being strengthened over the time by Yamato Group. One example is the launch of High-Quality Cold Parcel Delivery Service in Vietnam, in February 2017. Another example is the start of small parcel delivery service in Thailand, in January 2017.

Even though Yamato is recruiting more personal to overcome the problem of the labor shortage of truckers (Muramatsu, 2017), some training programs for example (The Safety Driving Training Program in Malaysia) are being implemented in overseas area in order to enhance the personal skills to deliver a quality service, the question is whether Yamato Holdings Co., Ltd will be able to keep up, in the long run, building a human capabilities in the international market that will be able to deliver the same level of quality based on the human touch, speediness, reliability, and consistency.

Currently, Yamato is operating and investing in the global market which is very demanding. There are many questions that go with the internationalization. First, given the fact the security and the quality of the infrastructure in Japan are far away different from what is available in most of the country Yamato targeting to operate; will the company be able to maintain the same level

of quality delivered in Japan? Secondly, given the fact that the courtesy, the hospitality, and the related values are by principle linked with the culture of people, will the company be able, through applying agency theory, to export the Japanese quality service level?

Giving a satisfying answer to all these questions might be the next hurdle to jump over for the Yamato Group if need be to keep the name the Company tightly associated with “Top Quality as usual”.

CONCLUSION

Throughout this work, there were many hypotheses confirmed either by interviewees or by facts or by other researchers' opinions.

The transportation service of Yamato Company is a quality service, instead of being satisfied with its status of number 1 in the Japanese market, Yamato is continuously deploying means and resources to acquire more capabilities in the domestic market, in regional market as well as in the international market. The international capability of the company is being developed through the strategic alliances with even competitors. But also, Yamato has expanded its facilities overseas.

Yamato creates quality through the supply chain management in different ways. The training of partners is one way that is been deployed in Vietnam or in Malaysia. Strategic alliances with potential competitors in the transportations service are a good way to build up more value overseas that make the difference. But the geographical positioning of the facilities like near Haneda Airport or Okinawa hub plays an important role in the same-day-delivery, a rapid delivery that is well appreciated by most of the customers.

However, the Yamato development and growing in the domestic as well as in the global market goes with some concerns related the cost of its services (Muramatsu Y.2017), in the light of the increasing online shopping, but also the worry is related to the level of quality that Yamato would be able to provide to its customers base of oversea due to the cultural differences and infrastructural development gap. The question will be service quality level to the client, which is high in Japan, according to some customer due to the politeness of the Japanese delivering trucker, can Japan export its hospitality to overseas?

REFERENCES

BOOKS

- 1- DESSLER, G., (2015), Human Resources Management, Pearson Education Limited, England.
- 2- Dr. DEMING, (1990) What every U.S. Business Person Should Know About Successful Management and Bringing Quality Back Home, Rafael Aguayo, New York
- 3- KARL T. U. & STEVEN D. E (2012) Product Design and Development, Mc GRAW HILL 5thed. , USA.
- 4- SCHUMPETER J. A. (1983), « Histoire de l'analyse économique », Paris, Gallimard, Tome 3, 589p.

ARTICLES

- On Quality

- 5- JUN T. L., (2016) "The study of total quality management and job satisfaction in land authority from north Taiwan.", International Journal of Organizational Innovation, Vol.8, Num.4
- 6- OLIVER R. L. (1981) Measurement and evaluation of satisfaction processes in retail settings. Journal of Retailing, 57, 3, pp25-48.
- 7- POWELL T.C, (1995) Total quality management as competitive advantage: a review and empirical study. Strategic Management Journal,(2002), vol.16 (1), pp. 15-37. Rust R.T., Moorman C., Dickson P.R., Getting Return on Quality: Revenue Expansion, Cost Reduction, or Both. Journal of Marketing, vol. 66, p. 7-24.

- On Supply Chain

- 8- ABLE B. AND ROYEZ A. (2004), « How innovation in supply chain management are transforming businesses », In A Chemical Week Custom Publication, October
- 9- BEANMON B. (1999), « Measuring Supply Chain Performance », International Journal of Operations & Production Management, Vol. 19, No. 3, p. 275-292.
- 10- DAVIS T. AND AVIS T. (1993), « Effective Supply Chain Management », Sloan Management Review 34. p.35-46.
- 11- FLINT D. J., LARSSON B. AND MENTZER J. T. (2005), « Logistic Innovation: A customer value-oriented social process », Journal of Business Logistics, Vol 26, No. 1, p.113-131
- 12- LAMBERT D., KNEMEYER A. ET GARDNER J. (2004), « Supply Chain Partnerships: Model Validation and Implementation », Journal of Business Logistics, vol. 25, n° 2, p. 21-42

- **Others**

- 13- BAUMARD, P. (2000). « Analyse stratégique : Mouvements, signaux concurrentiels et interdépendance », Paris: Dunod, 288 p.
- 14- DONALDSON, T. AND PRESTON, L. E. (1995). « The Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications », *Academy of Management Review*, Vol. 20, No. 1, pp. 65-91.
- 15- DONEY, P.M., CANNON, J.P. AND MULLEN, M. R. (1998). « Understanding the Influence of National Culture on the Development of Trust », *Academy of Management Review*, Vol. 23, No. 3, pp. 601-621.
- 16- FUKUYAMA, F. (1995). « Trust: The Social Virtues and The Creation of Prosperity », New York: Free Press.
- 17- GARRETTE, B. AND DUSSAUGE, P. (1995). « Les stratégies d'alliance », Paris : Les éditions d'organisation.
- 18- JONES T. ET RILEY D. (1985), « Using Inventory for Competitive Advantage Through Supply Chain Management », *International Journal of Physical Distribution and Materials Management*, n°15, p. 16–26
- 19- LORANGE, P. AND ROOS, J. (1992). « Strategic Alliances: Formation, Implementation, and Evolution », Oxford: Blackwell.
- 20- PARKHE, A. (1998). « Building Trust in International Alliances », *Journal of World Business*, Vol. 33, No. 4, pp. 417-437.
- 21- POWEL, W.W., KOPUT, K.W. AND SMITH-DOER, L. (1996). « Inter organizational Collaboration and the Locus of Innovation: Networks of Learning in Biotechnology », *Administrative Science Quarterly*, Vol. 41, No. 1, pp. 116-145.
- 22- SENGUPTA, S., CASTALDI, R.M. AND SILVERMAN, M. (2000). « A Dependence-Trust Model of Export Alliance Performance in Small and Medium Enterprises (SMEs) », *Journal of Transnational Management Development*, Vol. 5, No. 4, p. 25-35.
- 23- SIMMONS B.L., WHITE M.A, (1999) The Relationship between ISO 9000 and business performance: Does registration really matter?, *Journal of Managerial Issues*, vol. 11(3), pp. 330-343.
- 24- STUART, T.E. OZDEMIR, S. Z. ET DING, W. W. (2007). « Vertical Alliance Networks: The Case of University-Biotechnology-Pharmaceutical Alliance Chains », *Research Policy*, Vol 36, No. 4, pp 477-498.
- 25- TEAS R. K. (1993) Expectations, performance evaluation, and consumer's perceptions of quality. *Journal of Marketing*, 57, pp18-34.
- 26- TITO CONTI, (2010), "Systems thinking in quality management", *The TQM Journal*, Vol. 22 Iss 4 pp. 352
- 27- WERNERFELT B, A(1984) resource-based view of the firm. *Strategic Management Journal*, vol. 5, pp. 171-180.
- 28- YIN, R. K. (2003). « Case Study Research: Design and Methods », 3rd ed, London, England: Sage Publications
- 29- ZAHEER, A., MCEVILY, A.B. and PERRONE, V. (1998). « Does trust matter? Exploring the effects of inter-organizational and interpersonal trust on the performance », *Organization Science*, Vol. 9, No. 1, pp. 1-20.

REPORTS & SIMILAR DOCUMENTS

- 30- Yamato Holdings Corporate Guidelines
- 31- Yamato Holdings Annual Report 2016,
- 32- Yamato Holdings Annual Report 2015

WEBOGRAPHY

- 33- https://www.iso.org/files/live/sites/isoorg/files/archive/pdf/en/qmp_2012.pdf
- 34- <http://www.kuronekoyamato.co.jp/en/>
- 35- : http://asia.nikkei.com/Company/05HWCW-E_2017/05/25
- 36- <http://www.yamato-hd.co.jp/english/company/precepts.html>
- 37- <https://www.google.co.jp/search?q=Family+gift+parcel+delivering+image>
- 38- http://www.historyofwar.org/articles/concepts_logistics.html
- 39- http://www.yamato-hd.co.jp/company/pdf/governance_guidelines.pdf
- 40- http://www.yamato-hd.co.jp/investors/library/annualreport/pdf/2016/ar2016_00.pdf
- 41- http://www.yamato-hd.co.jp/investors/library/annualreport/pdf/2015/ar2015_00.pdf
- 42- <http://bookboon.com>