Analysis of Incoterms and Relational Resources to Improve Competitive Advantage: A Study of Freight Forwarders Company in Indonesia

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Abstract

This study aims to analyze the impact of Incoterm and relational resources on the competitive advantage of Indonesian Freight forwarders. The measurement methodology uses structural equation model (SEM) analysis with SmartPLS software to analyze the impact of Incoterms and relational resources on competitive advantage. Through social media, online questionnaires were sent to gather research data. The Likert scale of 5 was used to create the questionnaire. Companies that provide freight forwarding services were the respondents in this study, chosen by simple random sampling. Online questionnaires were distributed to 75 companies to answer questions submitted. The data analysis step is validity tests, reliability tests, significance tests, and hypothesis tests. Based on the data processing results, it is found that Incoterm and relational resources positively affect competitive advantages. The novelty of this study is a model of the relationship between the effect of Incoterm and relational resources on the competitive advantage of freight forwarding companies. The research’s theoretical implication is that Freight forwarder companies' management should select appropriate incoterms and implement relational resource policies to encourage increased competitive advantage. One of the limitations of this study is that the sample size used is only a small number of companies engaged in international Freight Forwarder services, only 75 companies.

Keywords

Competitive advantage, Freight forwarders, Incoterms, Resources-Base views, Relational resources
INTRODUCTION

Competitive advantage is one of the main factors determining a company's performance in the era of sophisticated globalization. Managers who want to improve the performance of the company must increasingly focus on competitive approaches, actions, or resources employed during the development process plan (Bhadrwaj et al., 1993; Day and Wensley, 1988; Ferreira et al., 2020; Porter, 1985, 1990, 1980). Choosing the industry's most appropriate supply chain method can improve company performance and achieve a competitive advantage (Zimmermann et al., 2020). Due to increased customer demands and widespread outsourcing methods, third-party logistics providers (3PLs) are crucial in the supply chain (Shou et al., 2017). Companies in the aviation industry, for illustration, must continue to exhibit the traits required to create a competitive advantage that will be successful and outperform alternative business models in the post-COVID-19 period (Bauer et al., 2020).

Freight forwarders play a crucial role in the delivery and receipt of goods as third-party logistics providers (3PLs). In general, a 3PL provider is a company that, on behalf of its clients, manages a range of logistics tasks (Sink et al., 1996). In Freight forwarders' operations, an element is required in the current supply chain structure that depends not only on the type of goods shipped but also on a reliable and efficient Freight forwarder's service (Nugymanova et al., 2021). Over time, there has been intense competition on a global scale for the freight forwarders industry. This accelerating growth has led to new rivals and digital logistics companies that can improve logistics delivery through speed, efficiency, and predictability (Gruchmann et al., 2020). To increase revenue, freight forwarders attempt to manage their operational transportation planning systematically, taking into account their fleet and outside resources. (Wang et al., 2014). Freight forwarders must be able to predict logistical uncertainty and develop globally oriented expansion (Lemoine and Dagnæs, 2003; Sanchez-Rodrigues et al., 2010).

In competition in the Freight forwarders industry, companies must be able to provide excellent services and competitive costs (Jo et al., 2023; Qamar and Soomro, 2023; Wirtz and Kowalkowski, 2023). However, many Freight forwarder companies fail to deliver the best service and incur high charges, then fail to develop good relationships in the long term (Wong and Karia, 2010). Poor relationships cause negative impacts between providers and customers (Cui et al., 2023; Lambert et al., 1999; Muscatello, 2023). The effect affects the company's global branding and competitive advantage (Ray and Sharma, 2020; Rop, 2022). Therefore, for today's Freight forwarders industry, developing a sustainable competitive advantage is a must to achieve superior performance (Shou et al., 2017).

Government officials and professionals in international trade can approve the Incoterm collection of rules. The Incoterms describe the responsibilities, risks, and costs each seller and buyer must undertake when moving goods. The International Chamber of Commerce (ICC) publishes the latest version as needed to reflect changes in commerce (Davis and Vogt, 2022). Incoterm can increase competitive advantage and financial gain (Gardner, 2012), logistics performance (Hien
et al., 2014), and improve alliance performance (Sugiono et al., 2022). There have been many other kinds of literature that discuss Incoterms 2020 (Bergami and Tichá, 2022; Davis and Vogt, 2022; del Rosal, 2013; Edet et al., 2021; Fruscione, 2022; Jeon, 2021; Kim et al., 2022; Kim, 2022; Kohlhase and Wielhouwer, 2022; Stojanović et al., 2021; Wagner, 2022; Yang, 2021) However, the existing literature only discusses from the perspective of exporters and importers. A few kinds of literature are addressed from the perspective of Freight Forwarders whose activities are highly dependent on the selection of incoterm (McKinnon, 2014; Sugiono et al., 2022).

For third-party logistics service providers to gain a competitive advantage, relationships are one of their most important assets (Darkow et al., 2015; Wong and Karia, 2010). Relational resources focused on customers in this situation are becoming more significant as an achievable source of competitive advantage (Varadarajan, 2020), recognizing that corporate strategy drives innovation and partially determines cluster dynamics combined with internal and interpersonal resources (Hervas-Oliver and Albors-Garrigos, 2009). Relational resources closely work with businesses, suppliers, and customers (Karia et al., 2015a). Due to the lengthy development process and significant ambiguity involved, such resources are expensive and difficult for a company's competitors to replicate (Morgan and Hunt, 1999). Study related to relational resources has been widely carried out in various fields and industries (Acharya et al., 2022; Beise-Zee, 2022; Chabowski and Samiee, 2023; Chen and Cooper-Thomas, 2022; Collings and Wright, 2022; Di Milia and Jiang, 2022; Fernandez et al., 2022; Helkkula and Arndoul, 2022; Kang and González-Howard, 2022; Kassberg and Dornberger, 2022; H. Kim et al., 2023; Lavender-Stott and Allen, 2023; Lee and Yoo, 2022; Li et al., 2022; Lund and Wang, 2022; Maitlis, 2022; Mugwagwa et al., 2022; Oliver-Blackburn et al., 2022; Ozaslan et al., 2022; Parent et al., 2022; Schweikl and Obermaier, 2022; Seepana et al., 2022; Trygg and Wenander, 2022; Wu et al., 2022). However, the results of studies related to Freight forwarders are still few (Balcı et al., 2019; Birkel et al., 2020; Carbone and Stone, 2005; Ferrer et al., 2010; Houé and Murphy, 2018; Shou et al., 2017; Wong and Karia, 2010). This research expands on previous studies to look at relational resources to improve competitive advantage.

This study extends the existing literature to examine Incoterm and relational resources to improve competitive advantage. None of the previous studies about Incoterm and relational resources associated with resource-based views is an exciting topic of this study. Moreover, This study concerns the Freight Forwarders industry in Jakarta, Indonesia. The study is pertinent and helpful to managers and businesses because Jakarta is still the center of Indonesia’s export-import activities.

LITERATURE REVIEW

Resource-based view theory

The resource-based view believes that a firm is a group of resources needed to complete tasks that enhance its long-term profitability and competitive advantage (Grant, 1991; Wernerfelt,
The literature elaborates on this viewpoint by separating resources from capabilities: resources are physical and immaterial assets that companies might use in their production processes, such as tools, personnel, operations, or finances (Barney, 2001; Grant, 1991). Utilizing resources to execute tasks that advance desired objectives is a capability (Amit and Schoemaker, 1993). It is the presumption that resources are heterogeneous and only partially transferrable between businesses (Barney, 2001). If these resources are valuable, rare, inimitable, and non-substitutable, they could very well be able to give them an advantage in the market (Wernerfelt, 1984). This idea asserts that resources lead to business variations (Adebanjo et al., 2018). Similarly, freight forwarders businesses in the same sector perform differently due to variations in their resource base.

Organizations can strategically position themselves and acquire a sustained competitive advantage using strategic resources. However, in the current competition period, managers must guard sensitive information in relationships of inter-company competitive cooperation and concentrate on strategic orientation in Industry 4.0 (Ed-Dafali et al., 2023; Raza-Ullah et al., 2023). Many studies have proven that resource base view can improve the company's competitive advantage in each industry (Bendig et al., 2023; Bianco et al., 2023; Boadu et al., 2023; Jeong and Chung, 2023; Kaliannan et al., 2023; Khan and Riaz, 2023; J. Kim et al., 2023; Lee and Wei, 2023; Mastika et al., 2023; Muneeb et al., 2023; Nayak et al., 2023; Okorie et al., 2023; Rehman et al., 2023; Yildiz and Esmer, 2023). Integration choices must also consider market trends to develop a long-lasting competitive advantage. They must, therefore, demonstrate complementarity with the supply chain environment (Nagano, 2019).

Companies in competitive industries must buy from the world’s best available sources. Companies can develop these sources by constantly monitoring the development of the country and supply markets (Rehman Khan and Yu, 2019). A significant part of overseas sales occurs in shipping terms when bargaining power and experience are decisive for effective delivery success (Avsar and Batmaz, 2022). Global firms should implement formal risk management policies to reduce the risks and liabilities of doing business internationally. Adopting a successful risk management plan decreases miscommunications with clients and suppliers and can improve client relationships. International trade risks and liabilities can be reduced by formal risk management techniques such as sales contracts, using appropriate Incoterms for container shipping, introducing cargo insurance, and selecting a legal company (Turnbull and Haddud, 2018).

RBV has been used in the literature currently available for logistics study. (Cho and Lee, 2020; Doratiotto et al., 2023; Dovbischuk, 2022; Elliot et al., 2020; Filho and Moori, 2020; Khan et al., 2022; König et al., 2019; Lukovszki et al., 2020; Lv et al., 2021; Nur’ Atikah Zulkifli et al., 2019; Pengman et al., 2022; Sazzadur Rahman Khan and Rattanawiboonsom, 2020). Cho and Lee (2020), utilizing RBV, transaction cost analysis (TCA), and institutional theory, examine how the increase in transportation would affect logistics. Doratiotto et al. (2023) Assess the factors that affect
logistics outsourcing, including the impact of logistics outsourcing on the company’s logistics performance measurement. Dovbischuk (2022) investigated enterprise performance among logistics service providers during the coronavirus. Elliot et al. (2020) illustrate the resources and processes required to create and capture value logistics service providers who have the potential to provide supply chain financing solutions. Filho and Moori (2020) explore resource-based, strategic, and supply-chain management as business performance. Khan et al. (2022) argue for enhancing the efficiency of current green supply networks and encouraging the logical integration of resource-based capabilities to facilitate the switch from conventional to green supply chains. König et al. (2019) examined service providers’ initiatives to enter more lucrative sectors in cutthroat, fragmented markets. Regardless of current assets and physical form, a company can only move into a more significant margin position if its networking and relationship opportunities are increased (König et al., 2019). Lukovszki et al. (2020) determine the business activities that help resource-constrained SMEs succeed in innovation; companies should invest in three areas: management, research and development, and marketing. Last but not least, RBV provides theoretical support for one of the main goals of strategic logistics: differentiating logistics skills is a great way to gain a competitive advantage (Olavarrieta and Ellinger, 1997). This study examines Incoterm and relational resources using RBV as a theoretical lens to improve competitive advantage in freight forwarder companies.

**Incoterm**

The international commerce community has regulations for interpreting shipping terms due to Incoterms. The perspectives of the seller and the buyer, Incoterms, emphasize who is responsible for carrying out specified operational activities relating to the transfer of goods. They also highlight who formally pays for transportation costs and customs duties and who bears the risk, loss, or damage to the goods (Chung and Lee, 2013). The tasks, costs, and risks that each seller and buyer must assume while delivering items for a business are divided by Incoterms. The International Chamber of Commerce released the updated version deemed necessary and aimed to incorporate new realities and business facilitation (Davis and Vogt, 2022). Incoterm rules are usually applied in international sales contracts where items cross international borders. However, trade organizations like the European Union have streamlined border procedures worldwide (Kubáňová and Ptak, 2017). Incoterms are terms in commerce that clearly define the seller's logistical commitment and the channels that connect trade and logistics (Stojanović and Ivetić, 2020). The Incoterms standards impact the control and management of logistics systems, as well as the rights and obligations of the parties to a commercial contract (Yang, 2021). The ICC periodically updates its Incoterms to consider modifications to business procedures. The seventh iteration of Incoterms 2020, which was released by the ICC on September 10 and became effective on January 1, 2020 (Baena-rojas et al., 2022; Bergami and Tichá, 2022; Kim, 2022, 2021; Đ. Stojanović and Ivetić, 2020; Surakarsa et al., 2020). Incoterm 2020 is different from the 2010
version where there are seven main differences: Incoterm 2020 helps users in choosing the most appropriate incoterms determination, FCA provisions for bills of lading with on-board notations, placement of costs specifically in article incoterms, differences in levels of insurance coverage in terms of CIP and CIF, arrangement of transportation using transportation owned by the seller or buyer himself in terms of FCA DAP DPU and DDP, Change of nomenclature from DAT to DPU, requirements related to safeguards in the obligation of carriage (The International Chamber of Commerce, 2020a).

Incoterms are important in bargaining power between sellers and buyers. Avsar and Batmaz (2022) study revealed that bargaining and experience are important in the delivery term. This study is also relevant to a study conducted by Surakarsa (2020) that the cooperation and bargaining power of sellers and buyers influence the selection of delivery terms. Bargaining power is one of the bases for sellers and buyers in choosing Freight forwarder companies for shipping goods. The Freight forwarder will receive the routing order from the seller or buyer and form the basis of the contract of carriage. The capacity of marketers in the freight forwarding sector to select clients with the appropriate delivery terms affects sales performance and strengthens the organization's competitive advantage. This different perspective is unique to this study to expand the repertoire and literature logistics.

**Relational Resources**

Among the various resources of the firm, relational resources receive special attention from management researchers (Barney, 1991; Crick and Crick, 2020; Dyer and Singh, 1998; Geissinger et al., 2019; Hunt and Morgan, 1995; Iyer et al., 2019; Karaosman et al., 2020; M. Crick, 2020; Monteiro et al., 2019; Qian and Papadonikolaki, 2021; Walsh, 2020). Relational resources are obtained through relationships (Morgan and Hunt, 1999). Relational resources are a company's ability to establish and maintain stable cooperation with partners (Wong and Karia, 2010). According to Hunt and Morgan (1995), relational resources are one of the seven categories that separate corporate resources, but these categories are not fully defined (Shou et al., 2017). Hunt and Morgan (1999) also emphasize that internal and external companies are a part of these connections.

Furthermore, Wong and Karia (2015b) argued that the performance of logistics service providers is influenced by relational resources, such as relationships with clients, suppliers, and other business partners. Matanda (2009) assesses environmental uncertainty by exporting companies on the relationship between importers organizations to improve their export performance. Karia (2015a) states that the relational resource of the enterprise is the embedded relationship associated with it. These relationships are the building blocks for long-term coordination, cooperation, and the fostering of trust between the organization and its partners. Relational resources contribute to the success of an organization by improving the effectiveness and efficiency of its interactions with its clients and suppliers. Relational resources can aid logistics
service providers' innovation capabilities, affecting business performance (Shou et al., 2017). In line with Karia (2015) and Shou et al. (2017), this study refers to relational resources as the connections a business makes with its clients and suppliers.

The effectiveness of relational resources on businesses is discussed in recent research (Crick, 2021; Crick et al., 2022, 2020; Crick and Crick, 2021; Lees et al., 2020; Morgan and Hunt, 1999). A prior study highlighted relational resources' strategic significance by highlighting how they significantly impact businesses' competitive advantage (Karia et al., 2015a; Ling-Yee and Ogunmokun, 2001). The effect of relational resources on the competitive advantage of logistics organizations has been studied in specific logistics literature. There are, however, still few that discuss freight forwarders expressly as part of logistics service providers. To further highlight the logistics industry, this study focuses on how relational resources affect freight forwarder organizations' ability to compete.

**Freight Forwarders**

A freight forwarder is one of the logistics service providers. In Indonesia, the term Freight forwarder is known as transportation management services. The Ministry of Transportation grants the business license. Before obtaining a permit, companies must receive recommendations from associations recognized by the Government, such as the Indonesia Logistics and Forwarders Association, before the omnibus law. Future customers will demand the full spectrum of logistics services, and freight forwarders' role in the logistics supply chain will increase (Burkovskis, 2008; Lu, 2004). The "spirit" of business is the flow of products; hence, freight forwarder firms play a crucial role in advancing Indonesia's import and export trade (Achmad Kuncoro, 2015). In traditional Freight forwarding, its role can be defined as agent and principal. As an agent, Freight forwarders only take orders and act on behalf of other parties. While as an agent, Freight forwarding gets orders and serves on its behalf. The functions of agent and principle are intimately tied to the Incoterms that service users choose. Freight forwarding companies must choose the appropriate type of Incoterm to get customers. In Indonesia, Freight forwarding is increasingly essential and has extensive activities. Freight forwarding activities include 22 actions, namely: receiving, managing storage, sorting, packing, marking, measuring, weighing, transportation management, issuance of transportation documents, handling document settlement, booking of transportation space, shipping, distribution management, calculation of transportation costs, claims, insurance of shipping goods, settlement, provision of information systems, provision of logistics services in traditional and international markets, provision of e-commerce, contractual carriers and delivery or receipt of special goods. Freight forwarder activities in Indonesia which include 22 activities as part of the evolution of activities from traditional Freight forwarders to business entities oriented to supply chain management activities.
Freight forwarders in the very competitive modern transportation industry must contend with risks from shipping firms that could enter the cargo markets' next stage and with homogenous competition (Zhang et al., 2023). Freight forwarders must reduce fulfillment costs by exploiting various shipping methods (Krajewska and Kopfer, 2006). One of the challenges of Freight forwarding today is the ability to evolve the business into digital Freight forwarding. Digital freight forwarding is currently flooding the logistics market with businesses so disruptive that the industry has redefined the rules of the game (Michel and Siegfried, 2020). Freight forwarder companies must have innovative and adaptive strategies for uncertain environmental changes (Ishak et al., 2019; Sugiono et al., 2022).

**Competitive Advantage**

The performance of the business is associated with a competitive advantage. Michael Porter is one of the founding fathers of strategic management studies. Porter has provided a rigorous theoretical foundation of strategy and his contributions as an economist to studying corporate, industrial, and national competitiveness (Stonehouse and Snowdon, 2007). A competitive advantage is an organization's capacity to outperform businesses in the same industry or market (Porter, 1985). Companies can beat rivals thanks to a competitive advantage (Basterretxea and Martínez, 2012). Competitors find duplicating a firm's unique processes challenging, providing a competitive advantage (Teece et al., 1997). It is possible to describe a company's competitive advantage as its capacity to create, deliver, and market goods of excellent quality and superior to those of rivals (Leskovar-Spacapan and Bastic, 2007).

Porter (1980) proposes three general strategies that are now known as generic strategies so that companies have a competitive advantage: cost leadership, differentiation, and focus. A company must have a cost-advantage strategy that generates profits above the industry average even if the asking price is not the highest. Differentiation strategies include influencing consumers' perceptions that the product or service is superior to brand, quality, and performance alternatives to command greater pricing. Focus strategies include using differentiation or cost management strategies in narrow market segments. Companies must pay attention to competitors' systems (Lu, 1999). Freight forwarders need the right strategy to survive and thrive amid increasingly fierce competition. If unable to implement the right strategy, the shipper and consignee will get low benefits from Freight forwarder services in facilitating logistics flow. Long-term cooperative relationships are profitable if they produce competitive costs and investment benefits (Lu and Dinwoodie, 2002). However, the business's internal resources must be considered when implementing the strategy. For example, Istianah et al. (2021) reveal strategies for the survival of the Freight forwarder industry. A few tactics are maintaining adequate employee training and qualifications, increasing vendor collaboration, creating acceptable backup plans, keeping key players well-coordinated, and regularly maintaining and enhancing information technology. However, other studies consider alliance strategy a vital source of outside assistance in achieving

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Sugiono et al.
competitive advantage (Cheng and Yeh, 2007; Song et al., 2000; Zhou et al., 2011). The author proposes the ability to choose the right Incoterm as an external factor and relational resources as an internal factor of the company as another vital factor to achieve competitive advantage.

**HYPOTHESIS DEVELOPMENT**

1. **Effect of Incoterm on Competitive Advantage**

Several studies have discovered that the selection of Incoterm positively and significantly affects competitive advantage. Incoterm's role in strategic partnerships is crucial for both customers and agents. Incoterm, one of the cornerstones of every supply chain strategy, impacts sales performance, risk management, vendor relations, purchasing, production, and logistics. (Gardner, 2012). The ability of marketers in the Freight forwarding industry to choose customers with the correct delivery terms impacts sales performance and improves the company's competitive advantage (Sugiono et al., 2022). The proposed theory is as follows in light of the previous description:

**H1:** Incoterms has a positive effect on competitive advantage

2. **Effect of Relational Resources on Competitive Advantage**

Several previous studies have found the effect of positive and significant relational resources on competitive advantage. Previous research also illustrated the strategic significance of relational resources by highlighting how they significantly impact businesses' competitive advantage. (Karia et al., 2015a; Ling-Yee and Ogunmokun, 2001). Organizational resilience as a resource-based ability to utilize insights into psychological capital and relational resources becomes essential (Anwar et al., 2023). An agile business can reorganize its resources and integrate them with relational resources, creating goods that appeal to customers and boosting sales (Tisnasasmita et al., 2023). The hypothesis is as follows in light of the previous description:

**H2:** Relational Resources have a positive effect on competitive advantage.

**METHODS**

This quantitative study examines the impact of Incoterm and relational resources on competitive advantage using Structural Equation Modeling and SmartPLS software. The information was gathered using online polls that were disseminated via social media. A Likert scale of 5 was used in the questionnaire's design. Companies that provide freight forwarding services were the respondents in this study, chosen by simple random sampling. Seventy-five freight forwarders received online questionnaires. Validity tests, reliability tests, and significance tests, or hypothesis tests, are the stages of data analysis. Figure 1 shows a summary of the proposed model.
Variable Indicators

The findings of earlier investigations used to gather data for this study variable are presented in Table 1.

**Table 1. List Indicator**

<table>
<thead>
<tr>
<th>Latent Variable</th>
<th>Code</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incoterms</td>
<td>INC1</td>
<td>1. Incoterms for our company can anticipate and resolve who should bear the risk (Avsar and Batmaz, 2022; Sugiono et al., 2022; Surakarsa et al., 2020; The International Chamber of Commerce, 2020b)</td>
</tr>
<tr>
<td></td>
<td>INC1</td>
<td>2. Incoterms for our company can anticipate and resolve who should bear the costs (Avsar and Batmaz, 2022; Sugiono et al., 2022; Surakarsa et al., 2020; The International Chamber of Commerce, 2020b)</td>
</tr>
<tr>
<td></td>
<td>INC1</td>
<td>3. Incoterms for our company can anticipate and resolve who should take responsibility (Avsar and Batmaz, 2022; Sugiono et al., 2022; Surakarsa et al., 2020; The International Chamber of Commerce, 2020b)</td>
</tr>
<tr>
<td></td>
<td>INC1</td>
<td>4. Incoterms for our company can provide good bargaining power for negotiations with customers (Avsar and Batmaz, 2022; Sugiono et al., 2022; Surakarsa et al., 2020; The International Chamber of Commerce, 2020b)</td>
</tr>
<tr>
<td>Relational resources</td>
<td>RR1</td>
<td>1. Our business develops close business partner collaboration and coordination (Karia et al., 2015; Karia and Wong, 2013; Shou et al., Jeffrey H. Dyer Harbir Singh, 2009)</td>
</tr>
<tr>
<td></td>
<td>RR2</td>
<td>2. Our company is committed to sharing information among business partners (Karia et</td>
</tr>
</tbody>
</table>
RESULT AND DISCUSSION

Convergent Validity Test Result

The value of the loading factor can be presented in Table 2 and Figure 2.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Dimension</th>
<th>Loading Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incoterms</td>
<td>Risk</td>
<td>0.887</td>
</tr>
<tr>
<td></td>
<td>Cost</td>
<td>0.942</td>
</tr>
<tr>
<td></td>
<td>Task responsibility</td>
<td>0.931</td>
</tr>
<tr>
<td></td>
<td>Bargaining</td>
<td>0.836</td>
</tr>
<tr>
<td>Relational Resources</td>
<td>Collaboration</td>
<td>0.908</td>
</tr>
<tr>
<td></td>
<td>Sharing information</td>
<td>0.935</td>
</tr>
<tr>
<td></td>
<td>Good stuff</td>
<td>0.926</td>
</tr>
<tr>
<td>Competitive Advantage</td>
<td>In imitation</td>
<td>0.834</td>
</tr>
<tr>
<td></td>
<td>Superior</td>
<td>0.857</td>
</tr>
<tr>
<td></td>
<td>New produce</td>
<td>0.870</td>
</tr>
<tr>
<td></td>
<td>New service</td>
<td>0.814</td>
</tr>
<tr>
<td></td>
<td>Low error</td>
<td>0.842</td>
</tr>
<tr>
<td></td>
<td>Improve</td>
<td>0.876</td>
</tr>
</tbody>
</table>
The loading factor describes the connection between indicators and latent variables. If the loading factor value is more than 0.7, the indicator's convergent validity is good. Figure 2 and Table 3 show that the loading factor value is greater than 0.7, which gives the indicator a good convergent value.

Reliability and Validity Test Result
Composite reliability and Cronbach's alpha both support the outer model. If the result is more than 0.7, the latent variable has strong dependability or reliability. As a result of the tests, all variables have strong reliability because Cronbach's alpha and composite reliability values are larger than 0.7. In addition to loading variables, convergent validity is measured using AVE. If the AVE value is larger than 0.5, the indicator has a high degree of convergent validity. Table 3 demonstrates that discriminant validity follows because the AVE value is greater than 0.5.

Hypothesis Test
A statistical T-test determines whether or not an exogenous variable impacts endogenous variables. The variable is regarded as influential and has a significant association if the T Statistic is larger than 1.96 or the P-Value is less than 0.05.

Table 4. Hypothesis Test

<table>
<thead>
<tr>
<th>Correlation</th>
<th>T-Statistics</th>
<th>P-Values</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incoterms → CA</td>
<td>4.258</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>Relational Resources → CA</td>
<td>3.714</td>
<td>0.000</td>
<td>Supported</td>
</tr>
</tbody>
</table>

The T-Statistic for Incoterm is 4.258, and the P-value is 0.000, as shown in Table 4 and Figure 3. The T-Statistic and P-Value for relational resources are both 3.714. The research hypothesis is
accepted for all the results shown in Table 4 and Figure 3, which have statistical values over 1.96 and P-values lower than 0.05.

The Effect of Incoterm on Competitive Advantage

The data processing results make it clear that Incoterm has a considerable and positive impact on the competitive advantage of Freight forwarder companies. These results are consistent with Gardner's (2012) and Sugiono's (2022) studies. Thus, there is a significant positive influence between Incoterm and competitive advantage. Incoterm relationships make competitive advantage more effective. This happens because if the Freight Forwarder can select the right Incoterm, it can provide more effective services, measurable risks, clear responsibilities, and strong bargaining power to partners abroad. Freight forwarders must be able to choose the correct trading terms for clients who will use their services. The company's ability to have knowledge and skills will increase the company's long-term profit and competitive advantage (Grant, 1991; Wernerfelt, 1984). The company's ability to use the right resources can be done in the marketing division to prospect prospective customers using Incoterm. This ability can achieve the company's long-term goals (Lukovszki et al., 2020). The execution of strategic management includes the Incoterm selection program because it necessitates managerial choices and activities that affect the company's performance over the long term (Wheelen TL, 2011).

Figure 3. Hypothesis Test

Companies can effectively reduce logistics costs and control risks associated with delivering goods by using Incoterm management. Companies can generate better results by lowering operating risks and offering more affordable prices by implementing efficient cost and risk management. Companies can improve operational efficiency by using the appropriate Incoterm. Companies can have more control over the shipping process and strengthen their logistics operations by employing Incoterms like Ex Works (EXW) or Free Carrier (FCA). Companies may enhance production and cut expenses with higher operational efficiency, offering them a competitive price
and delivery. Companies can also determine the ideal Incoterms, which enables businesses to deliver better customer service by ensuring the availability of items, giving accurate shipping information, and reducing delivery mistakes and delays. Companies can gain a competitive advantage by gaining the trust of their customers and raising customer satisfaction by offering outstanding customer service.

The Effect of Relational Resources on Competitive Advantage
Based on the data processing that has been carried out, the positive influence and significance of relational resources can be seen on the competitive advantage of Freight Forwarder companies. Furthermore, these outcomes align with Wong and Karia’s (2010) and Ziolkowska’s (2014) studies. Freight forwarder companies get their competitive advantage through collaboration, knowledge sharing, and having good staff in business activities. There are four key areas where businesses could get an advantage over one another: assets unique to relationships, knowledge-sharing procedures, complementing tools and skills, and efficient governance (Tisnasasmita et al., 2023). Partner-focused supply management capabilities become critical business competencies as competition shifts from the intercompany to the supply chain levels. The collaborative supply chain management paradigm views strategic collaboration as a substantial source of competitive advantage. Cooperation is even more crucial when supply chains attempt to attain concurrent economic, environmental, and social performance depending on the life cycle of a product (Gold et al., 2010). Relational governance mechanisms are constantly evolving, enabling competitive advantage as multi-tiered that balances traditional power mechanisms in the supply chain hierarchy (Pfaff et al., 2023).
Substantial relational resources can make access to rare or challenging-to-replicate resources possible. An extensive network, for instance, can give firms access to resources like cutting-edge technology or precious raw commodities. The availability of various resources from rival businesses may give one a competitive advantage. Firms with good relational resources can develop strong relationships with customers, suppliers, and other stakeholders. Organizations with tight connections can gather more accurate market data, such as client wants, industry trends, and shifts in market demand. This knowledge can help businesses create better, more valuable products and services that will better fulfill the needs of their customers. Relational resources make it easier to collaborate with clients and other stakeholders. Organizations can use their collective expertise, abilities, and resources to innovate, produce unique goods or services, or enhance operational procedures by working together. Strong collaboration can provide a competitive advantage in innovation that is difficult for competitors to imitate.

NOVELTY, THEORETICAL, PRACTICAL, AND MANAGERIAL IMPLICATION
The novelty of this study is to acknowledge how relational resources and Incoterms affect the competitive advantage of freight forwarders. The theoretical implication of this study is to
support the previous theory that Incoterm and relational resources contribute to improving Freight forwarders' competitive advantage. The practical implication is for Freight forwarding companies' management to choose appropriate Incoterms and apply relational resources policies to improve competitive advantage. The findings of this study are expected to provide knowledge about how the choice of Incoterm and relational resources affect the competitive advantage of Freight forwarding. The results of this study can also provide input for Freight forwarder companies regarding the importance of selecting Incoterm and relational resources for competitive advantage. This research contributes to the information and development of scientific principles, particularly management. This research contributes as reference and comparison material in developing further studies on the influence of Incoterm and relational resources on the competitive advantage of Freight forwarders companies.

CONCLUSION
Based on the research results and discussion of the influence of Incoterm and relational resources on the competitive advantage of Freight forwarders companies, it is clear that relational and Incoterm resources have a positive and significant effect on competitive advantage. Our findings suggest Freight forwarders must develop the right Incoterm selection strategy and build relational resources with clients and agents. Future research is expected to address the broader range of Freight forwarding businesses and industries that have formally selected Incoterms and relational resources to further this analysis.

LIMITATION
The following are some of the study's limitations: 1) The sample size used is only 75 companies providing international Freight forwarding services; 2) the data used in this research was obtained through the distribution of questionnaires based on perceptual analysis units; and 3) other factors that are outside the model are not all studied, though it is possible that they could influence the current significance test.

Declaration of Competing Interest
The authors disclosed no potential conflict of interest.

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