

CURRENT QUALITY MANAGEMENT OF VIETNAMESE LOGISTICS SERVICE PROVIDERS

● TRAN THI THANH XUAN - KIM DINH HUNG

ABSTRACT:

Logistics plays an important role in the the national economic structure. It supports, connects and promotes the socio-economic development of the whole country as well as each locality. Therefore, it is essential for logistics service providers to deeply understand the important factors impacting the quality management of logistics services in order to achieve success. This study analyses and assesses in detail the current quality management of logistics service providers in Vietnam. Based on the study's results, some solutions are proposed to help logistics service providers in Vietnam improve their performance.

Keywords: enterprise, management, quality, logistics services.

1. Overview of logistics service quality of logistics enterprises

Before learning the quality of logistics services, we must understand what logistics services are. The definition that is considered the most complete and most commonly used today is the definition of the Council of Logistics Management of the United States (CLM): "Logistics is the process of planning, organizing and implementing Implement and control the flow and storage of goods, services and related information from the point of origin to the point of final consumption in a way that is efficient and consistent with customer requirements".

According to Philip Kotler 2003, a service is an activity or benefit offered for exchange, which is essentially intangible and does not result in the transfer of ownership. Thus, like other types of services, logistics quality is understood as the level of satisfaction meeting customers' needs with the

logistics services that the enterprise provides. According to this concept, the quality of logistics services is the process of improving logistics services to optimize the efficiency of the growth cycle, the rotation of goods purchase, production, sales distribution, transportation, etc., recycling and reusing resources from single companies to entire industries through collaboration.

2. Status of logistics service quality management of Vietnamese logistics enterprises

2.1. Overview of Vietnamese logistics enterprises

According to the National Database of Business Registration, by the end of March 2022, the country had 309,136 enterprises registered to do business in logistics-related industries and trades, mainly in the region. They have a convenient system of ports and roads: the Red River Delta (37.6%), followed by the Southeast (34.9%), North Central and Central Coast (12.2%), Central mountainous areas in the North

(7.6%), the Mekong River Delta (4.2%) and finally the Central Highlands (3.4%). Although the number of businesses is large, most of them operate in a small way, mainly doing business in the form of self-sufficient logistics - First Party Logistics (1PL) or a third party logistics service provider. 2 - Second Party Logistics (2PL). Currently, the method of providing 3rd party logistics services - Third Party Logistics (3PL), is the most popular supply method. It has an important influence on the supply chain of goods, but the number of businesses providing according to 3PL procedures only accounts for about 16% and are mainly foreign-invested enterprises [2].

Regarding the market, statistics of the Vietnam Logistics Association (VLA) in 2021 show that the member enterprises providing logistics services are quite diverse, including domestic (54%) and international. concentrated in ASEAN (66%), China (58%), Japan (51%), EU (43%), Korea (41%) and the US (38%) [2]. Multinational enterprises have the strength of transportation contracts with large shipping lines signed by the parent company with large shippers with a global network and a high level of investment in applying information technology to logistics activities, advanced management level and especially have good relations with global shippers. Meanwhile, the strength of Vietnamese logistics enterprises is to take care of almost all domestic transportation, from port operations, land transport, and customs clearance agents, to warehouse operations and warehousing services. [7].

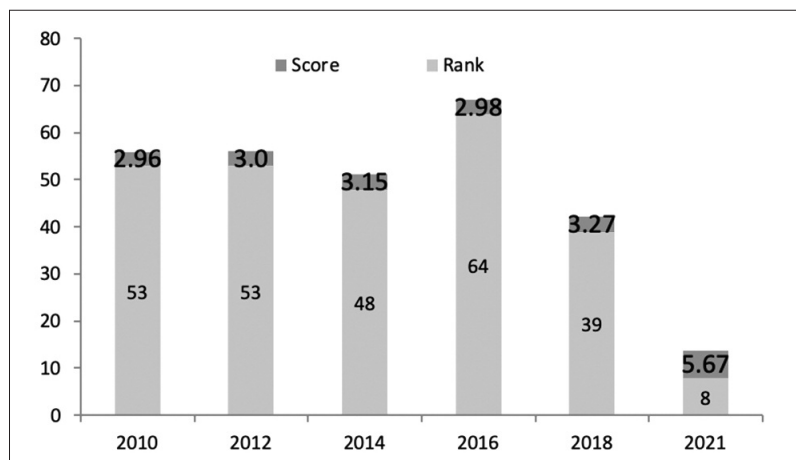
When assessing the quality of logistics services, it is impossible not to mention the Logistics Performance Index (LPI) of the World Bank with 6 criteria: (i) Customs; (ii) Infrastructure; (iii) International transportation; (iv) Logistics quality and capacity; (v) Monitoring & tracking of goods and (vi) On-time delivery. Vietnam's LPI 2021 was announced by the World Bank in its July 2021

Report, with a score of 3.27, ranking 8/160 countries participating in the survey, up 3 places compared to the ranking in 2020 (11/160), compared with 2020 is 2.98, an increase of 0.29 points. In the ASEAN region, Vietnam ranks third after Indonesia (rated 3), Malaysia (rated 5), and Thailand (ranked 11) [4].

The Emerging Market Logistics Index 2021, released by the world's leading logistics service provider, Agility, shows that Vietnam has increased three ranks compared to 2020, ranked 8th in the top 10. Top 10 countries.

China ranked No. 1, India ranked 2nd, and Indonesia ranked 3rd. Qatar and Turkey ranked behind Vietnam in 9th and 10th positions. Among ASEAN countries, Indonesia is ranked 3rd, Malaysia is 5th, Vietnam is 8th, Thailand is 11th, the Philippines is 21st, and Cambodia is 41st.

Figure 1: Vietnam Logistics Performance Index (LPI) for the period 2010 - 2021



Source: Vietnam Assessment Report Joint Stock Company (Vietnam report)

2.2. Status of logistics service quality management of Vietnamese logistics enterprises

The capabilities that the logistics service quality management apparatus need are the ability to work for the management team of the logistics company, the ability to manage the time to perform logistics services, the ability to control logistics costs for the Company, cooperation between related departments when performing services, good knowledge to deal with unexpected/random problems (Do Xuan Quang, 2015).

The quality management apparatus of logistics services in Vietnamese logistics enterprises usually includes:

- Board of Directors: As the management body of the Company, has full authority on behalf of the Company to decide on all issues related to the purposes and interests of the Company, except for matters falling under the authority of the General Assembly. Shareholder.

- Board of Directors: The General Director is the executive officer with the highest decision-making power on all issues related to the Company's day-to-day operations and is responsible to the Board of Directors for implementing the Board of Directors. They assigned rights and duties. The Deputy General Directors are assistants to the General Director. They are responsible to the General Director for the assigned tasks, actively handling the charges authorized and appointed by the General Director by the official regime. The State's books and the Company's Charter.

- Head of Quality Management Department: As an advisor and assistant to the Board of Directors, directly managing according to the professional function of quality management of logistics services in the Company and under the direction of the Board of Directors.

- Staff of the Quality Management Department and other staff performing all stages in the process of providing the Company's logistics services.

2.3. Assessing the status of logistics service quality management of Vietnamese logistics enterprises

2.3.1. Success and causes

The quality of logistics services of Vietnamese enterprises, in general, has made remarkable progress. The criteria for evaluating LPI 2021 increased by at least 40 steps compared to 2021, including Customs, Infrastructure; International transport; Quality and logistics capacity; Goods Monitoring and Tracing and On-Time Delivery [4].

Vietnamese enterprises are also appreciated for the quality of logistics services and the capabilities of logistics enterprises; the ability to trace and track shipments and the probability of goods arriving on

time is high, even higher assessment by the World Bank in 2021 [1].

Most private enterprises have young but highly qualified management staff and the ability to quickly access science and technology so that they can learn and apply modern technologies to start a business. Keep pace with world development.

Currently, many logistics enterprises are applying some high-tech scientific research to logistics activities such as Transport Management (TMS), GPS navigation systems providing routing for remote managers as well as providing updated shipment information for customers; Create Transport Exchanges; The exchange helps to connect trucks with shippers, connect supply (idle trucks) and demand (shippers with goods to send), help utilize resources, save costs; Routing system; The software for planning the route, tracking the number of goods on the vehicle...; Warehouse management and automation have been set up in many warehouses and yards, automating workflows using a warehouse management system (WMS).

In addition, it is impossible not to mention the State's efforts in promoting and creating conditions for logistics enterprises to develop a complete and progressive information technology system.

2.3.2. Limited and causes

Compared with other countries in the world and the region, the logistics service providers in Vietnam have not been appreciated. Typically, the criteria of supply time, information system and flexibility in service operation and management. The market share of foreign and FDI enterprises is still significant and more trusted than domestic enterprises.

Vietnam has applied a transport management system (TMS) for logistics services. In theory, this system needs to manage freight operations by many different modes across many borders, but only by one operator. However, the professional TMS provider in Vietnam is still minimal; the system installation still faces many difficulties due to the ability to synchronize data with shipping lines, airlines, customs, and ports. Sea, airports, and logistics companies are too complex.

Domestic companies often apply domestic transport and fleet management systems and use traditional forwarding service management tools developed by domestic suppliers (such as Fast, Vi Business FMS,...). The application rate is less than 10% of enterprises; most still use self-managed Excel (Ngoc Mai, 2018). The delivery management systems (FMS), transportation management (TMS), warehouse management (WMS), and resource management (ERP) have only been applied in a fragmented, not synchronous, and systematic manner. System and cloud computing application in information and quality management is still limited. Difficulties come from many factors such as:

- The information technology environment of the whole economy is still not high, so the incentive for businesses to invest in information technology is not great.

- Investment capital of companies is not enough to meet demand.

- There is a severe shortage of highly qualified and specialized human resources in information technology.

- The young management team has a high level of expertise but has no experience and skills in job management

- The experienced management team does not have in-depth professional knowledge, it is challenging to keep up with new technologies and diversify services, and the ability to plan sustainably.

3. Proposing solutions to improve logistics service quality management for Vietnamese logistics enterprises

3.1. Development trend of logistics service business in Vietnam in the coming years

According to Vietnam Report, as of December 2021, Vietnam has more than 4,500 domestic transportation and logistics companies, providing services from the stage of goods transportation procedures to tax payment or payment...; in which 88% are domestic enterprises, 10% are joint venture enterprises, and 2% are foreign enterprises; The headquarters are located mainly in two big cities, Hanoi and Ho Chi Minh City. Ho Chi Minh City (www.vietnamreport.net.vn).

Vietnam's logistics industry has a lot of growth potential, and more profound participation in the world's transport transaction centers comes from the Government's many policies to facilitate the development of the industry, along with the trend of economic integration. In the global economy, many trade agreements have been signed, and along with the strong development of the e-commerce market and the automation industry, the infrastructure is increasingly improved.

Firstly, the application of 4.0 technology in the logistics industry. With the explosive development of the 4.0 revolution, there have been many applications of science and technology in logistics activities. Developed countries are gradually implementing E-Logistics, green logistics, E-Documents,... and applying cloud computing technology, Blockchain technology, artificial intelligence or robotics to projects. Some services include packing or unloading goods from containers, loading and unloading goods in warehouses, yards,...

Second, the online shopping trend opens up opportunities for transport and logistics businesses. With 70% of Vietnam's population using the Internet, the average access per person is about 28 hours/week, creating favorable conditions for the e-commerce industry to thrive. In this current context, when the world has not yet produced a vaccine for Covid-19 and countries, including Vietnam, still have to implement social distancing as a primary solution. The development of e-commerce has led to many consumers switching to online shopping, and the development of new business models creates excellent opportunities for delivery service companies with minor delivery frequencies and coverage. Spread throughout the provinces. Many e-commerce sites also invest in building technology platforms and logistics systems, expanding the scale of warehouses, and increasing distribution points to meet users' needs.

Third, mergers and acquisitions (M&A) continue to be active in the logistics industry. In the next 2-3 years, the wave of M&A will continue to be engaged in the logistics field due to fierce competitive pressure in the context of global

economic integration, along with the advancement of science and technology and the impact of the 4.0 revolution.

Together with the high growth potential of the Vietnamese logistics service market and the poor competitiveness of domestic enterprises, creating significant opportunities for many foreign enterprises to participate in the Vietnamese logistics market through the form of M&A to take advantage of the existing network, the exact source of customers and domestic operating experience. In 2019, there were many M&A deals worth millions of dollars, such as Symphony International Holdings (Singapore) buying shares of Indo Tran Shipping and Forwarding JSC (ITL Corp) from Singapore Post for 42,6 million USD, SSJ Consulting spent nearly 40 million USD on buying 10% of total outstanding voting shares of Germadept.

Fourth, invest in warehouses, logistics centers and cold supply chains. With the sharp increase in e-commerce businesses and the need to rent space to store, classify goods, complete orders, etc., many companies have grasped the trend and built and invested in systems. Warehouse system, logistics centre with the function of providing transportation services, completing orders, distributing, ... professionally in a modern way with high quality. As of early 2019, six significant logistics centres nationwide have started construction and are put into operation. Although the cold supply chain market in general and complex storage in particular in Vietnam is considered minor and fragmented, this market is expanding. It is expected to have new developments in 2022.

3.2. Some solutions to improve logistics service quality management for Vietnamese logistics enterprises

They are, firstly, perfecting the logistics service system. Vietnamese logistics enterprises must consolidate and expand agents, build exclusive agents, move up representative offices nationwide and open branches abroad are essential steps to develop. Deploy services quickly and with quality, promptly responding to customers' needs. In addition, logistics enterprises need to join the

Vietnam Association of Logistics Enterprises or the Association of Maritime Agents and Brokers to operate together and have the necessary information in the industry, helping businesses to compete with the international market. Other foreign enterprises with extensive infrastructure and investment capital use the Vietnamese market. Vietnamese logistics enterprises can learn from the Thai Logistics Alliance (TLA) - an organization with more than 30 participating logistics companies. Behind this alliance, of course, there is the active support of the Thai government, and this is indeed a good solution for Vietnamese logistics businesses.

Second, invest in material-technical facilities. Logistics enterprises must continue to invest in modernizing existing equipment, procuring new equipment, and creating favorable conditions for delivery. Applying information technology in two strategies allows logistics service enterprises to discover weaknesses in the movement of goods, eliminating downtime and storage time at different locations, transshipment point, thereby improving the efficiency of logistics service quality management:

- + Short-term strategy: Logistics enterprises make the most of the transport management system and deploy the WMC (Warehouse Management System) management system.

- + Long-term strategy: Enterprises research and apply EDI electronic data exchange system with five steps: (1) Prepare documents sender of electronic data to prepare electronic documents; (2) Translate the data in transit; (3) EDI transmission communication in the network environment; (4) Translate incoming data; (5) Processing of electronic documents.

Third, logistics service providers. For staff in logistics enterprises to be agile in handling unexpected situations as well as understand the needs and desires of customers, logistics businesses can apply the following solutions:

- Recruitment stage: To have high-quality human resources, right from the recruitment stage, enterprises must choose for themselves a team of

qualified human resources. Depending on the position, the company decides employees with experience or not.

- Training: Logistics enterprises must design their training programs, relevant documents should be professionally designed, and professional instructors must be knowledgeable about company strategies and policies. Company and have the pedagogical capacity to increase communication efficiency.

- Improve the sense of responsibility of employees: Enterprises need to propagate and educate staff to have high responsibility for goods, considering goods as themselves. Develop a clear, public reward and punishment policy for all employees to know and design a reasonable employment policy after training by their new responsibilities, avoiding using employees. People not suitable for the job position cause depression and a lack of responsibility for the job.

Fourth, organize the logistics service supply apparatus: Logistics businesses need to stipulate the rights and functions of each department in the industry to ensure the level and authority in handling and supporting operation coordination. Along with the development of the business, such as nationwide expansion and the development of domestic transportation in the future, the construction of a cluster/centralized management system will help

reduce the load on the vertical structure. Not as specialized as it is now.

Fifth, build and perfect the quality management model. Vietnamese logistics enterprises need to invest in perfecting the logistics service quality management model to help the stages in the logistics service implementation process take place more straightforwardly and securely. In addition to applying the world's advanced quality management models such as ISO, SEQUAL or TQM, Vietnamese logistics enterprises need to perfect the organization's functions, inspection, control and adjustment.

- Function of organization and implementation: Enterprises must make employees implement the plan to know the goals, needs and content of the work they must do.

- Function to check and control the implementation of the quality management model and make adjustments if necessary: This is the process of evaluating operational activities to ensure the quality of logistics services by the requirements set forth. Out. The task of this stage is to determine if the plan is being followed closely. Any customer complaints about the delivery schedule or the delivered goods are not the same quality as the original, or the customs declaration has errors, etc., means the goal is not achieved ■

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THỰC TRẠNG QUẢN LÝ CHẤT LƯỢNG DỊCH VỤ CỦA CÁC DOANH NGHIỆP LOGISTICS VIỆT NAM

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TÓM TẮT:

Logistics là một ngành dịch vụ quan trọng trong cơ cấu tổng thể của nền kinh tế quốc dân, đóng vai trò hỗ trợ, kết nối và thúc đẩy phát triển kinh tế - xã hội của cả nước, cũng như từng địa phương. Vì vậy, các nhà cung cấp dịch vụ logistics cần phải hiểu sâu sắc các yếu tố quan trọng trong việc quản lý chất lượng dịch vụ logistics để đạt được thành công. Nghiên cứu này phân tích và đánh giá chi tiết thực trạng quản lý chất lượng của các doanh nghiệp cung cấp dịch vụ logistics tại Việt Nam, đưa ra các giải pháp giúp các doanh nghiệp này cải thiện hiệu quả hoạt động.

Từ khóa: doanh nghiệp, quản lý, chất lượng, dịch vụ logistics.