

ANALYSIS OF RELATIONS BETWEEN VENDOR MANAGEMENT AND SERVICE QUALITY OF AGENTS A SURVEY OF PT. SYNERGY FIRST LOGISTICS AT TANGERANG 2016

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ABSTRACT

This study was aimed at measuring the performance of the Agents and Vendors. To find out whether it is appropriate or not with the lead time the study was using Service Level Agreement based on delivery of goods. The problems of this research were How the implementation of Vendor Management at PT. Synergy First Logistics was, How the quality of service of the Agent was and What the influence of Vendor Management with service quality Agent was. To solve the problems, the researchers were using two methods. Data collection methods through Field Research and Library Research. This research used quantitative analysis to explain the phenomena of the influence between Vendor Management and Service Quality of Agent by collecting numerical data that are analysed using mathematic methods. Based on the result, the correlation shows that vendor management and service quality has a relationship value of 0.708 with significant level 000 that means there is a significant correlation between the two variables.

Keywords : Vendor Management, Logistics, Supply Chain, Total Quality Management, ISO and Service Quality.

Background

The role of service in era of globalization is important, as technology information advances rapidly to make it easier for companies to gain the market share and compete with other companies by improving the quality of service delivery faster and easier.

In order to increase demands of the delivery of goods, documents, packages and money, with the guarantee of fast delivery and safe supported by

modern equipment and technology, so that only companies have more value that will survive or grow and prosper.

Good quality of service is very important to create a customer satisfaction due to meet customer expectations which are safety, speed, delivery on time, guarantee, and company responsibility in dealing the shipment. Quality of service to keep the customers depend on consistently a company on deliver value services more effective and efficient so that consumers will satisfied with services provided by the company.

Vendors are third parties that supply or send the goods (products) or services to a company (customer). Goods (products) or services such as outsourcing, hardware, software, services, commodities, and so on. Vendor management is a strategic process that is dedicated to sourcing. Vendor relationship management can create value on a maximum delivery and minimize the risk to the company.

Agents are individual or business entity that acts as an intermediary for and on behalf of the party who appointed him to make purchases, sales and marketing as well as on the physical transfer of goods. PT. Synergy First Logistics has an attachment agent contract and work together in long term. In selecting agent, PT. Synergy First Logistics has specific criteria based on the agent's track record in the delivery of goods. PT. Synergy First Logistics see agent performance based Service Level Agreement which has been agreed in previous to see the performance of agents in delivery goods.

In the process of goods delivery, PT. Synergy First Logistics have procedures in delivery goods to improve the quality of service that aims to see the performance of the vendors and agents to be trusted to cooperate in the delivery of goods and to reach the target. To measure the performance of the Agent and Vendor using Service Level Agreement based accordance or not with the Lead Time of delivery of goods. There are several factors that cause deterioration performance in the delivery of goods which causes the goods are not delivered on time, undelivered, returns, lost, lack of communication between vendor and the agent, the decline of the quality of agent, vendor

management are not yet implemented properly and delivery of goods which do not conform with the Lead Time.

Literature Review

According to Weihrich and Harold Koontz in *Management a Global Perspective* (2005, p. 4) Management is the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims. Terry (2009) said that Planning is The determination of short-to-long-range plans to achieve the objectives of organization. Organizing Indicates the development of sound organization structure according to predetermined plans. Actuating Means stimulating and motivation of personnel of the organization according to predetermined plans. Controlling Offers assurance that directs action i.e., plan- in action, is taking place as per plan. In *Operation Management* by Heizer and Barry Render (2011) said that the operation management is the set of activities that creates value in the form of goods and services by transforming inputs into outputs. Activities creating goods and services take place in all organization. The meaning of vendor, based on *The Popular Dictionary of Transport Logistics* (2012), vendor is a person or a company that sells goods or services.

According to Worth (2010) definition of Vendor is an individual business or other company that cooperate with other company to fulfill products and services needed to expedite company activity.

In *Journal about Effective Vendor Management and Supply Chain Effecient* by Chitur (2013), it is said that Vendor management enables organizations to realize optimal value from vendors throughout the relationship cycle by ensuring quality and compliance, mitigating risks, controlling costs, and driving excellence.

In *Journal about Understanding and Managing Vendors* by Schulte (2014), it is said that vendor as they are with subteams, so you are going to

walk through all the processes already documented in this book, as appropriate.

In Journal about The Complete Guide to Effective Vendor Management by Ackerman (2011) defined that: Vendor Management is an emerging discipline that is necessary to invest in to ensure that your organization is working effectively with vendors and that you are, indeed, generating the business and service outcomes you require from the deal.

In Journal about An Effective Vendor Management System (VMS) by Udomleartprasert and Chatiwat Sommechai (2011), said that Vendor Management System is for supporting the good quality of material, delivery on time, good service and cooperation, reasonable price, strong and close relationship to continuous improve, etc.

They also said that The Vendor Management System (VMS) is proposed for selecting, measuring, analyzing, developing and maintaining the supplier's performance. The VMS included five phases of development starting from Supplier Qualification, Supplier Performance Measurement, Supplier Analysis for Improvement, Implement for Supplier Development and Improvement and Maintaining of Supplier Performance.

In Journal about The Relationship between internal and external service (2008) by Nancy Bouranta et.al, Silvestro and Cross (2000) explored the concept of internal service

Identified six components of internal service (tools, policies and procedures, teamwork, management support, goal alignment and training) and created a framework suggesting that internal service quality is related to customer service quality via employee capability.

In Journal about The Relationship between internal and external service (2008) Leonidas Chritiris et.al write the concept led Parasuraman et al. (2004) about five main service quality dimensions (reliability, responsiveness, empathy, tangibles and assurance) and to create the service scale.

In Journal of Analyzing Service Quality by Gilbert et. al (2007), explained that the Quality is Needs, wants, requirements and expectations are something that everyone has. Furthermore it is essential for services and products to fulfill the purpose for which they have been acquired and for life to have needs. Everyone has basic psychological needs. After those needs are fulfilled, safety emerges followed by social needs and finally self-actualization or the need to realize ones full potential. Levi and Kaminsky, (2008) said that Supply Chain Management is an approach used to efficiently integrate, factories, warehouse, and stores so that products are manufacturer and distributed in the number, location, and time.

METHODOLOGY

Correlation design is quantitative research in which investigators measure the degree of relation between two or more variables using the statistical procedure of correlation analysis. This degree of association, expressed as a number, indicates whether the two variables are related or whether one can predict another. Sample were taken are 73 agents, representative from population are 93 Agents in PT. Synergy First Logistics for past three months. So, the writer take a sample for reseach is randomly. The questionnaire used to describe the methods and instruments and in answering this questionnaire used a Likert scale.

According to Sugiono (2011,) Likert Scale used to measure attitudes, opinions and perception of a person or a group of social phenomenon. In research, this social phenomenon has been set specifically by researchers hereinafter called the study variables. Data Analysis Technique by validity test, reliability test, simple linear regression analysis, simple correlation coefficient, determination coefficient, hypothesis testing with T-test.

RESULT AND DISCUSSION

Analysis Relation between Service Quality and Vendor Management at PT. Synergy First Logistics 2016

To determine there is relation or not between variables X (vendor management) and variable Y (service quality), then used a quantitative analysis using the calculation method of simple linear regression, correlation coefficient, determinant coefficient, and hypothesis testing. Where data into calculations obtained from questionnaires distributed to the Agent and the Vendor. Data can be said of reliability if the result is less than 0.6 is unfavorable, while the 0.7 can be said to be acceptable. Then output the variable Vendor Management (X) have valid data as much as 73, and the second output is the reliability test results obtained value of Cronbach's Alpha of 0.750 with the item number as many as 10. The value of $0.750 > 0.4$ it can be concluded that the instrument on Vendor Management is reliable.

Data can be said of reliability if the result is less than 0.6 is unfavorable, while the 0.7 can be said to be acceptable. Then output the Service Quality variable (Y) have valid data as much as 73, and the second output is the reliability test results obtained Cronbach's Alpha value for 0841 by the number of items as many as 10. The value of $0.841 > 0.4$ it can be concluded that the instrument on Vendor Management is reliable. The value of regression coefficient or b the simple regression showed there are a positive number 0,679 containing the sense that every increase of unit (X) as vendor management will be followed by improvement of service quality (Y) 0,679. So with the other hand, if the vendor management (X) are decrease, service quality also decrease in 0,679 or plus/minus with the value of the coefficient constanta or constanta of 13,676.

Based on the calculation of correlation can be obtained $r = 0.679$ means that the relationship between variables X and Y has positive and moderate. The conclusion that the vendor management has a positive relationship to the service quality that is generated on the shipping of goods in PT.Synergy First Logistics, the relationship is quite good.

So the size of the contribution or influence of variable X (Vendor Management) to variable Y (Service Quality) $0.46 * 100\%$ to 46%, while 54% affected by other factor.

Due $t_{count} > t_{table}$ or $3.043 > 1.667$, then H_0 is rejected and H_a accepted, meaning that there is a positive relationship between the variables X (Vendor Management) with a variable Y (Service Quality) significantly in PT. Synergy First Logistics. Vendor Management broken down into two, namely: Vendor (Agent) with the Vendor (Freight). Vendor is a third party that is used by PT. Synergy First Logistics as transportation services (multimodal). Implementation of vendor management at PT. Synergy First Logistics more attention to lead times on delivery of goods and delivery costs to be incurred. Vendors had aim to minimize the costs to be incurred by PT. Synergy First Logistics. Vendor has more support the transport (mode) services for deliver goods to destination (dooring). To reduce the cost on shipping in large quantities with the same destination, it is usually used vendor and PT. Synergy First Logistics will negotiate the price accordingly. Excellence implementation of vendor management for the delivery of goods (using the mode of land / sea) are all obstacles that occur in the field during the process of deliver goods ranging from items in the pick-up until the goods are received at destination, all of processed are responsibilities vendors.

Service Vendor of PT. Synergy First Logistics usually make a judgment according to the Lead Time that has been previously agreed between the Vendor by the Customer itself. To know these vendors make deliveries in accordance with Lead Time can be determined by calculation as follows: date of pick up - the date of receipt of goods that have arrived at the destination, if the results of calculation is still the same with the lead time that has been agreed, the shipment already hit / achieve targets or appropriate, but if the results is more or not appropriate with the lead time, so vendor miss on delivery. So determining the vendor has a good quality service based on the achievement of delivery in accordance with the agreed Lead Time previously. With the lead time, PT. Synergy First Logistics create table performance each month will see performance vendor itself every month. If the percentage of the vendor $< 75\%$ then PT. Synergy First Logistics decided to look for another vendor. And can be seen from the chart below that are processed as follows (original data put in appendix):

Figure 4.4

Performance of Shipment Goods



It can be seen from the chart above, performance on quality service vendor / agent in PT. Synergy First Logistics is very bad. Judging from the total shipment is very high in the first month with a performance of service quality on shipments of goods are decrease. If compared with the third month the total shipment is low but the performance are increased. And it can be concluded that the capacity of their service quality in the delivery of goods on time (according to the Lead Time) is very low.

To find the correlation between variable (X) and variable (Y), writer used the SPP system version 23.0, and the results are as follows:

The result of the relation shows that vendor management and service quality has a relationship value are 0.708.

Thus, the relation between Vendor Management and Service quality shows the strongly relation. While testing the relationship, whether or not to use a significant association provision if significant value < 0.05 then the relationship is significant, if > 0.05 then the relationship is not significant. Based on the output above, the significant value are (0000) means that there

are a significant relation between the two variables (Vendor management and Service Quality).

CONCLUSION

Vendor Management needs to be implemented properly in the activities of logistics companies such as sorting, packing and shipping of goods to customers, the results of the calculation of the company's data for the performance of vendors every month with accuracy calculation of delivery is $< 75\%$ indicates that the vendor management has not been implemented well in PT. SynergyFirst Logistics.

The delivery service quality seen from the processed data by PT. Synergy First Logistics shows the performance of the agent (vendor) in shipping goods. From the results of calculations on the data, it can be concluded that the quality of the delivery of goods at PT. First Synergy Logistics is not good, it can be seen in the first month with a total delivery in September are (224.659 kg (41.89%)), in October with a total delivery are (306.106 kg (47.49%)), in November the total shipments decreased from the previous month are (164.000 kg (98,99%)) and December are (141.241 kg (70.20%)). It can be concluded that the capacity to handling the shipment still low and if the capacity shipment of goods is overload the quality service (on time delivery) will be decrease.

The influence of vendor management on the quality of service at PT. First Synergy Logistics, namely:

Every increase in performance in the delivery of goods (the total of on-time delivery) performed by the vendor, then the quality of service in the delivery of goods will increase.

There is positive influence between Vendor Management (X) and Quality of Service (Y) in PT. Synergy First Logistics.

The influence between Vendor Management and Quality of Service is 54%. While the other influenced by other factors which is not discussed in this study.

H_0 is rejected and H_a is accepted, it means that there is a significant effect of Vendor Management (X) and Quality of Service at PT. Synergy First Logistics.

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