

UNDERSTANDING CORE CAUSE AND ACTION OF DELAY ISSUE FOR AIR EXPORT DOCUMENTS USING LFA

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ABSTRACT

Freight forwarding activities includes both export and import. The issue in this study is the lengthy process of document types of general cargo air export, resulting in the delay of release to customers. The research objective is to determine the core and cause of delay in releasing air export document, and the action of it. Research method used in this study is Logical Framework Approach (LFA) to analyze the factors that cause the delay with problem and objective tree by using a technique SMART (specific, measurable, achievable, realistic, and time bound). Results show an increase in number of shipments towards the end of the observed period (12 months) has been accompanied by an increase in the amount of delay in release air export document caused by the constraint in the work process and systems namely, yet integrated of development process of working with systems used, quality of human resources that not all meet the standards should be. The solutions may fit with existing problems is integrating the development process of working with the systems with supported by the quality of human resources for very competitive so as to expedite the process of release air export documents and increase company profit.

Keywords: air export documents; delay; logical framework approach; freight forwarder

INTRODUCTION

Freight forwarder's role in international trade is critical to deliver export-import goods on time due to its capability to serve customer needs in advanced, cheaper, fast, easy, and well integrated. Delivery goods on time are important as well as issuing export documents clear and on time allowing freight forwarder to maintain their competitive advantage. The documents include commercial invoice, tax invoice, receipts for the costs of storage, e-VAT warehouse, NPE (Nota Pelayanan Ekspor), PEB (Pemberitahuan Ekspor Barang), House Air Waybill, Master Air Waybill and other additional documents. Deadline in creation air export document is 5 working days, if more than that, the document declared

urgent. But in fact, there are several obstacles in the created air export document. These factors become an obstacle and can affect the timeliness of completion of the export documents, such as incomplete supporting air export documents (house air waybill, e-VAT, transmittal, invoice supplier and packing list), lack of systems that have not been updated, lack of communication between the relevant parties (shipper, consignee, airlines, customs clearance or among officer), customers who still have not settled the payment, the negligence of officials in the implementation of SOP (standard operating procedure). The situation has an effect on the next export procedure because of the documents serve as a letter to allow goods have right to enter the

destination country. The study thus seeks to investigate the amount of export general cargo shipment in one period to understand the cause of delay and its solution.

LITERATURE REVIEW

Freight forwarder is transportation services business (Ahsjar, 2007). Transportation services business is a business which is intended to represent the interests of the delivery/ receipt of goods (shipper and consignee) between countries in taking care of all the activities necessary for proper delivery goods partly/ entirely by sea, land and air with the scope as follows: 1) receiving goods; 2) submitting items; 3) storing goods; 4) setting up the shipping documents; 5) completing the cost/ billing insurance costs, transportation costs, claims etc; 6) packing; 7) measuring goods; 8) completing the documents; and 9) shipping. According to Muhammad (2013) freight forwarding company is a company whose business is to find porters on land or in the air for the benefit of the sender. Hence, freight forwarder refers to a business activity that mediates between the shipper and the consignee who was in charge of all the activities necessary for the implementation of the delivery and receipt of goods by land, sea or air that can cover the activities of receiving, storing, packing, measuring, weighing, other costs with respect to the delivery of such goods until receipt by those who deserve it. Rizaldy and Rifni (2013) categorizes freight forwarders' duties and responsibilities in its capacity as an intermediary for trade between exporters and importers were as follows: 1) source of important information for service users to determine on a contract of sale/ purchase with a particular party; 2) media which makes the service users know in advance who and how the ability of prospective partners; 3) the owner of the goods, the freight forwarder is entitled to retain maximum service of transporting the cargo entrusted to carrier to be sent to their

destination; and 4) help producers and other business people to obtain the location of a new market in several countries in the world, so that their products will gain new market areas. Export activities should be comply with the export documents such as: 1) commercial invoice; 2) storage (warehouse rental receipts); 3) packing list; 4) corporate-VAT; 5) warehouse rental-VAT; 6) NPE (nota pelayanan ekspor); 7) PEB (pemberitahuan ekspor barang); 8) house air waybill; and 9) master air waybill. General cargo shipment refers to commodities which can be considered non-perishable, non-dangerous or non-valuable products (Rizaldy & Rifni, 2013). It includes textile, garment, footwear, electronic goods, and so on. Related parties in air freight forwarding are those who involved in air cargo transportation business Rizaldy and Rifni (2013), as follows: 1) airlines operator; 2) shipper; 3) air cargo forwarder; 4) warehouse operator; 5) consignee; 6) customs; and 7) port authority. Previous research on export document (Ricardianto, Setiawan, & Pujianto, 2015) summarized there were five root of main problem in handling export document SOP for ocean freight. Meanwhile Purba and Wanda (2014) found that four of 11 factors investigated are the cause of delay in inbound consignment. This study did base on logical framework approach (LFA). The technique was first used by USAID in 1970 for planning of development activities abroad. The theory was originally from the private sector management theory, for example, based on a popular destination in the 1960s. LFA was adopted and adapted as a planning and management tool by many agencies involved in providing assistance building. LFA is a project approach that uses a logical framework matrix in the form of project planning. The functions of LFA is as follows: 1) analyzing the situation during project preparation; 2) determining the logic process of achieving goals; 3) identifying potential risks; 4) determining project monitoring and

evaluation; 5) presenting a summary of the project in a standard format; and 6) monitoring and reviewing the project during implementation. LFA has three tiers of interest include: 1) objectives achieved during the project called output; 2) goals achieve when the project is completed is called outcome or purpose of the project; and 3) objectives achieve after the project is completed is called impact. Mariati (2016) categorized consideration in determining the goals is SMART (specific, measurable, achievable, realistic, time bound). Stakeholders are parties affected by and influence the things that happen on the project, either directly or indirectly (Mariati, 2016). When analyzing stakeholders, we think as possible to those who are affected or influencing the activity being analyzed. According to Satar (2012), stakeholders are consists of: 1) major stakeholders who directly influence the activities; 2) secondary stakeholders who have indirect effect on program/ project; and 3) tertiary stakeholders who are not related to the program but will be influenced by the impact of the program/project.

RESEARCH METHODS

This study applied a qualitative research and conducted an interview to four key informants (invoicing assistant manager, operations supervisor, operation staff, and invoicing staff in air freight division) to get additional information about factors that most often the cause of delay release documents to the customer. In addition, this study used the amount of export general cargo shipment data (12 months) from one of the international freight forwarding company operated in Indonesia. The approach to analyze the data is logical framework approach (LFA) by using stakeholders, problem tree, and objectives analysis as the analytical tools. Problem tree analysis is generic to describe the logic of cause-effect relationships between the various aspects or components of a problem (Mariati,

2016). The steps of problem tree analysis are: 1) define the core problem that presented the trunk (the main focus of the analysis of causality; 2) find the root causes of the problem (the root of the root); 3) specify branches and leaves of problem; 4) information analysis and qualitative analysis (analysis of the causal relationship between roots and branches); and 5) conclusion of the problem tree.

RESULTS AND DISCUSSION

A. Analysis of General Cargo Total Shipment

In order to explore factors affecting a delay of releasing export documents we analyze 12 months-data of general cargo total export shipment (Table 1). Shipment quantity in Table 1 is fluctuating. Total shipments of general cargo exports are 8,487 with total tonnage 5,773,245 tones. The amount of on time performance (OTP) is 7767 documents and delay 720 documents. Therefore, the average of delay is 8.35%. In December shipment, it has seen as the highest peak (1,022 shipments) with tonnage 695,451 tons. If viewed per quarter, the number of shipments and tonnage in the last quarter that are the month of October, November, December experienced a significant improvement compared to previous months. It shows that in the quarter is the peak season.

Table 1 also illustrates how the development of delay air exports in release documents that occurred in this period. In December, firm experienced problems with the highest number delay (102 documents). This finding supported Ricardianto et al. (2015) study which noted the lack of human resources in handling export documents may cause a high pressure in working. It means in the peak season from September to December may cause the high pressure in working of employee and it can cause the decrease of concentration of employee and affect the work performance of employee which affecting

delay in issuing export documents. Delay classified documents in this period were fluctuated, but towards the end of the year increased steady start of the month from June

to December. This delay (8.35%) is analyzed more with LFA to get factors affecting it through observe the air freight division and interview the key informants.

Table 1 General Cargo Shipment

No.	Months	Shipment	Tonnage	On Time	Delay	Percentage of Delay
		2016	2016	2016	2016	2016
1	January	771	493,456	703	68	8.82%
2	February	675	377,746	621	54	8.00%
3	March	633	357,207	584	49	7.74%
4	April	659	424,043	606	53	8.04%
5	May	686	451,843	635	51	7.43%
6	June	658	45,81	603	55	8.36%
7	July	447	390,961	417	30	6.71%
8	August	677	499,36	621	56	8.27%
9	September	735	512,494	671	64	8.71%
10	October	724	517,26	656	68	9.39%
11	November	800	601,614	730	70	8.75%
12	December	1022	695,451	920	102	9.98%
Total		8487	5,773,245	7767	720	8.35%

B. Analysis of Factors Cause Delays in Releasing Air Export Documents

The aim of the study is to understand a delay in releasing air export documents for general cargo. The delay is certainly caused by several factors both internal and external factors. In order to this, we need to understand process of creating air export documents (Fig 1). In the air cargo handling activities is very important to follow established procedures without exception. Because the regulations in the handling of air delivery of cargo is very clear and is listed in the IATA air cargo regulation book, because the regulation is international guidelines where all relevant stakeholders (shippers, agents/freight forwarder, carrier and consignee) must follow these rules and must be fulfilled. A stakeholder analysis is used to map and analyze all stakeholders related to the achievement of a project to identify the parties involved in the

delivery of goods exports shown in Table 2. Stakeholders have an important role in the smoothly of process delivery of export goods. If one of them is problematic, it can interfere with other activities. Based on Table 2 it can be identified as follows: 1) the main stakeholder is the stakeholders who directly influence the activities (freight forwarding company and its employees); 2) secondary stakeholder is stakeholder indirect effect on program/project (warehouse, airlines, custom clearance and government); and 3) tertiary stakeholder is stakeholder who is not related to the program but will be influenced by the impact of the program/project (customers). Problem trees will illustrate the correlation between the problem, the cause of the problem, and as a result of problems in a hierarchy of related factors. This analysis is used to connect a variety of issues or factors that contribute to organizational issues and

helped to identify the root cause of the problem the organization. Securities or written as a result of tree leaves, while the root of the tree is filled by causes following the approach of the problem and the tree trunk as a link or bridge of the problem (Fig 2). Based on a core indicator of existing problems, the study concludes that the core problems lies in the skills of human resources (manpower), work processes (methods) and technology/system (machine). The factors that cause the delay of releasing air export documents are the consequences arising out of delay in release of air export documents. The effects of these are the end or the top of the tree problem where the impact of the problem visible. The problem tree model (Fig 2) describes the impact of the core problems, and then identifies the problem to find the root cause major problems and find solutions to those problems. Problem tree was made by asking the question why until there is no answer. If viewed as a common cause of delay in release of export documents is the length of the stewardship of the supporting documents. The documents are an absolute thing in the delivery of export goods. Delays often occur because of differences in actual data and planning thus slowing the process of release of air export documents. This is usually caused by human error and miscommunication. Human error and other mistakes that should not have occurred usually caused by high pressure in working cause the concentration of officers is down at work. Lack of concentration can be caused by several things, among others, officers of internal factors or external factors, namely the lack of supervision of the leadership. Therefore carelessness in making the document should largely be avoided because it can take longer than necessary to fix it. It is also supported study by Ricardianto et al. (2015) that the lack of human resources in handling export documents may cause a high pressure in working, this may result in mistakes in filling the export documents; for

example, mistyping the B/L or CO in the number of goods that will be sent. It means the high pressure in working can affect the work performance of employee especially in concentration level in working. In TACT Rules, Rizaldy and Rifni (2013) concluded weight of goods in accordance with the data needed for chargeable weight scales on the AWB and manufacture Load Sheet. It means the data have, must be accordance with another data that needed, so before release air export document it should be confirmed to the relevant parties. In the process of create air export documents is not always smoothly, one of the reason is miscommunication between officers or between the shipper, consignee and freight forwarder. This obviously slows down the smooth process of create air export documents because the officer must confirm in advance to related parties. Ricardianto et al. (2015) confirmed poor communication can cause the late in making export documents and the employee blame each other, cargo will be in problem when it enters the customs territory. It means poor communication among employees also prove that a good communication among employees is not built. The next cause is disruption in the system. This greatly affects the smoothness of the process of created air export documents, because the facts in the create air exports documents is very dependent on the stability of the system used. If the compromised system then labor productivity is also affected and the results of the work was also not optimal. However, there is still no system updates because management feels the system used is still worthwhile to use. Facilities and infrastructure are used also should support the process of creating air export documents. If there is a problem on the means used infrastructures such as computers, printers, copiers etc. then the process created air export documents also hampered because utilization is not optimal. It can be caused by treatment of irregular or has run out of its useful life and

should be replaced with new ones. Ricardianto et al. (2015) found the effect of problematic computer network system is the obstruction on making export documents and the piling-up works that should be finished by the employees. It means the computerized system has a major role in creating export documents, if the computerized system has a problem, it will lead build-up document which is should be done by employee. One of the causes of the most frequent in the sample of freight forwarder is a containment air export documents. It is caused by customers who do not immediately do the payment, so that documents retained by the company to the customer on payment. So this causes an increase in the number of billing (outstanding) and buildup documents. With the incidence of

this kind of companies do not receive payment on time and if it occurs within an interval of time can interfere with the company's financial condition. This supported by Ricardianto et al. (2015) that slow response from the customer in confirming the export documents caused by the slow process of making export documents and it affect the instable financial condition is outstanding receivables. It means the high and tight business competition among freight forwarders will affect the performance of the officers in handling export documents. Hence, the core problems of delay release documents that export air yet integrated development work process with technology/system used. Then, it is necessary to find the root of the core problems to find solutions in order to solve the problem.

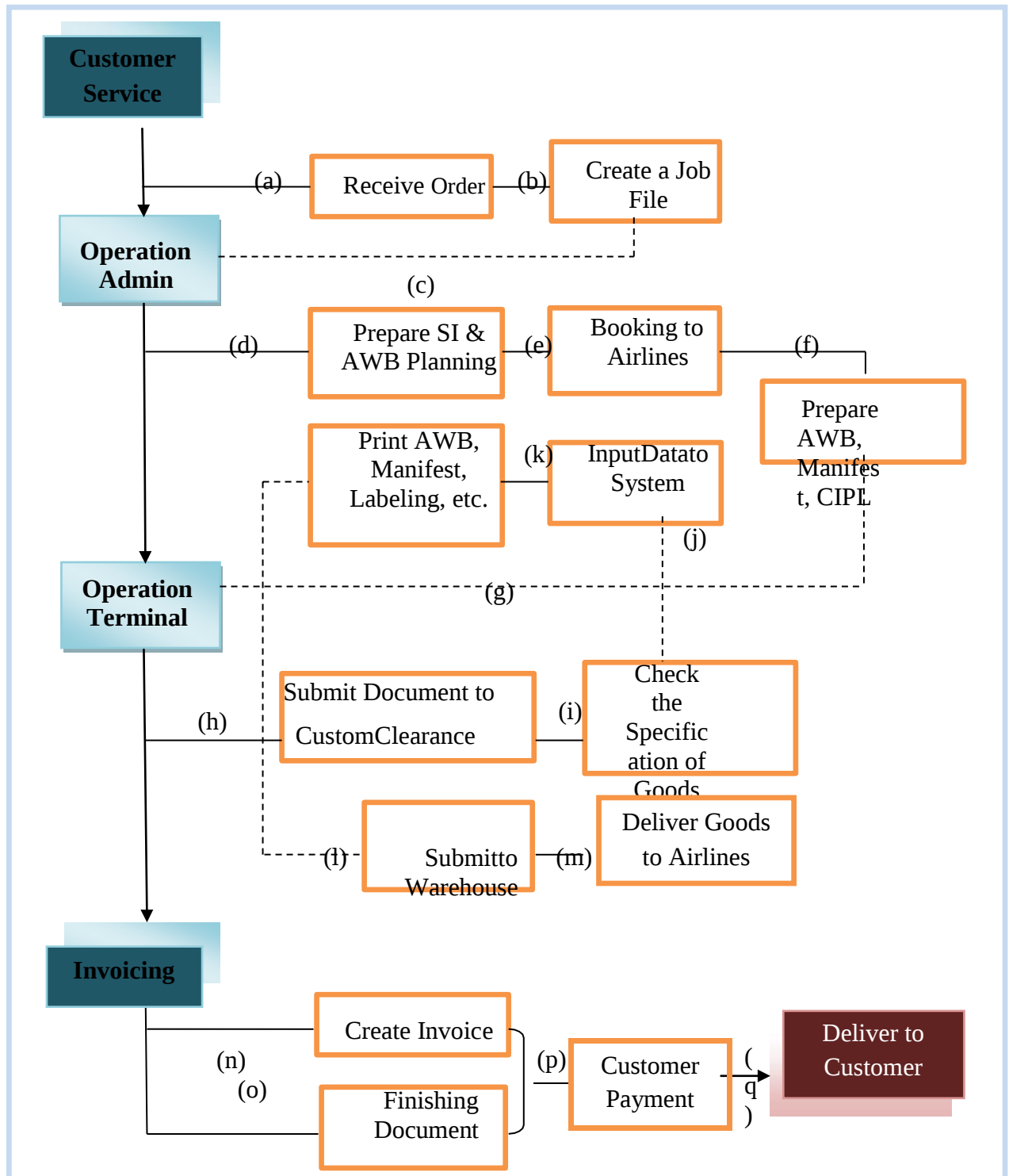


Figure 1 Flowchart Release Document Handling Air Export

Table 2 Matrix Stakeholders

Stakeholders	Expertise	Interest	Issue	Role
Freight Forwarding Company	Technical implementation and management	Achieving the vision of company based on targets	Delay in release of air export documents	Freight Forwarding (provider)
Employee	Technical operations	Goods handling processes running well	Human error	Operator
Warehouse	Technical operations	No accumulation of goods	Accumulation of goods	Third Parties (container goods)
Airlines	Technical operations	On Time Performance in delivery of cargo	Delay, full booked	Third Parties (provider of air transport services)
Custom Clearance	Checking	On Time Performance in checking goods exports	The process of checking the goods export is too long	Check the specification of goods
Government	Regulatory policies, monitoring	Support export activities	Regulation does not fit with the activities in the field	Greatly affect the smooth operation of the export
Customer	Profit, feedback	On Time Performance	Not promptly settle payments	Service users

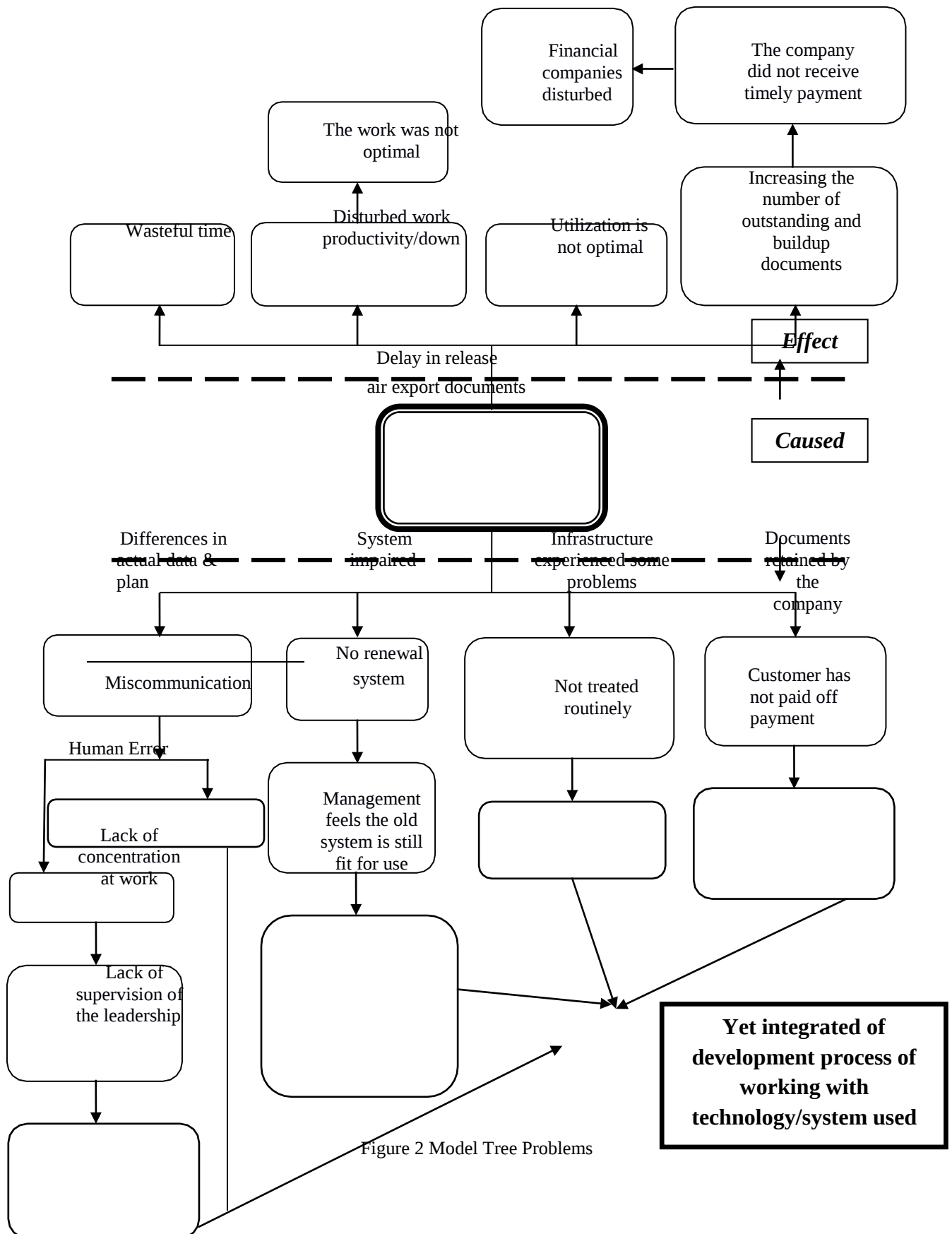


Figure 2 Model Tree Problems

C. Analysis Solutions of Delay in Releasing Air Export Documents

After finding the core problems, we make the matrix tree problem by pairing the problem tree consisting of a result, the core problems, causes and objectives tree and objective tree which consists of a goal, outcome, output and action. It aims to find the main root causes and then find solutions to the changing problems contained in the problem tree into a purpose-specific, measurable, achievable, and realistic and time bound to the tree of interest. Matrix of problem tree is shown in Figure 3. In making the problem tree must do first is to determine the core issues. The core problem derived from analysis of why the question to get the root of the core problems. Factors that cause delays in the release of air export document it can be concluded that the core of the problem is yet integrated of development process of working with technology/system used, and it is also used to determine the core problems in the manufacture of the problem tree (Fig 3). After determining the core problem then is to determine the root causes and consequences of the main generated from these problems. The main problems root cause delays release air export documents is lack of supervision and improvement of the technology/systems, and the effect is a decrease of On Time Performance release air export documents in other words the delay in release of air export documents (Fig 3). Purba and Wanda (2015) explained that delays may occur; some of them are in the inspection document sorting items to be shipped, and congestion. It means delay can cause from various factor in handling goods process. Any cause that may cause delays obtained from five why question then identify effective measures or solutions to address the root problems that occur. Tree goal is the realization of a problem tree. Based on the method of SMART (specific, measurable, achievable, realistic and time bound), the study determines the goal which is to achieve OTP

(on time performance) release air export documents will reach 100% in 4 years ahead, the outcome namely integration increase skill development of human resources, the process of working with a technology/system used will reach 90% in 3 years ahead, output is increased optimization of the system will reach 70% in 2 years ahead, increased development of work processes will reach 85% in 2 years ahead, increased skill development of human resources will reach 75% in 2 years ahead, compliance SOP will reach 100% in 2 years ahead and the action that is to renewal of technology/systems and treatment facilities infrastructures regularly, to supervise the work process and officer performance.

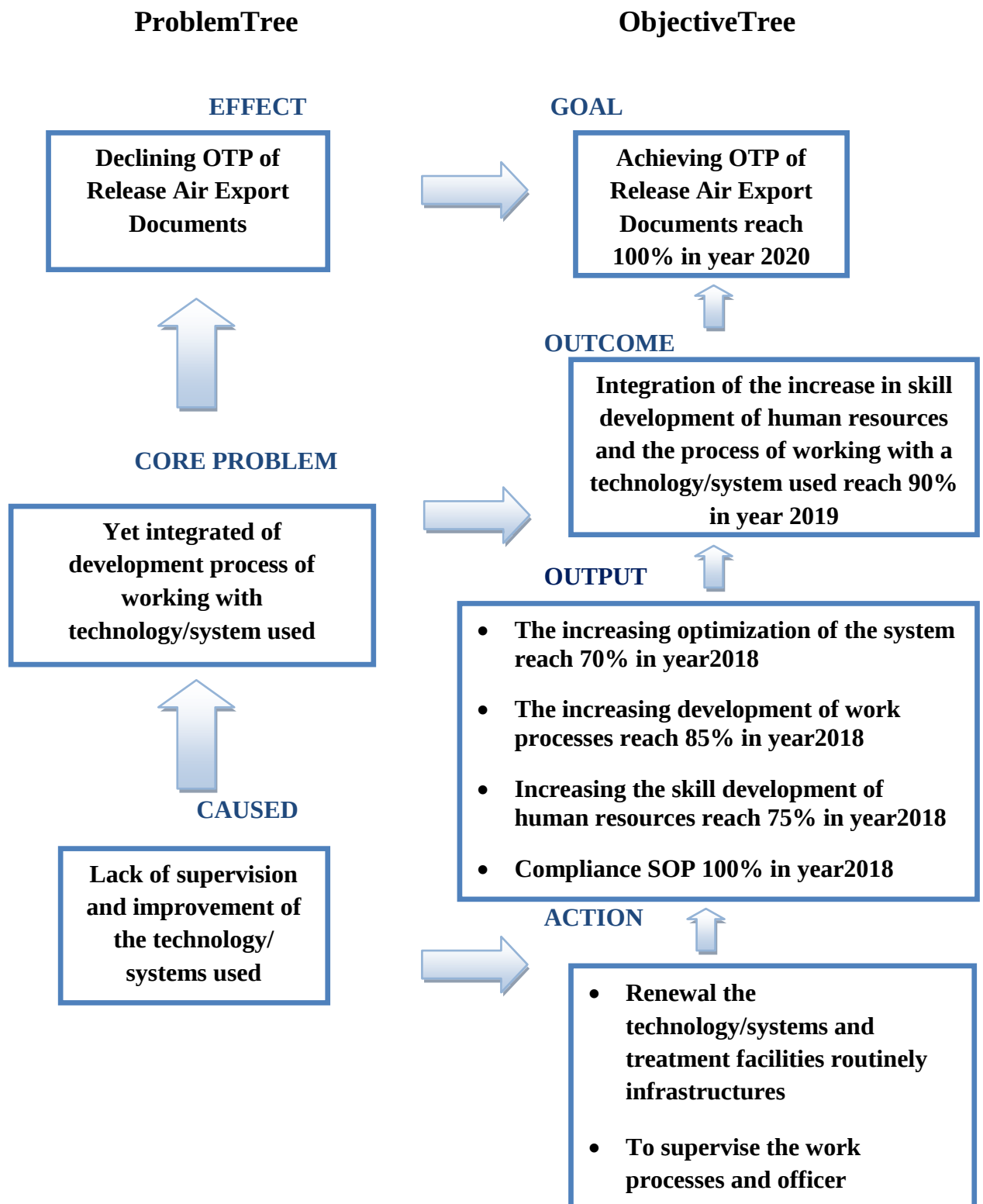


Figure 3 Matrix Tree Problems

Summary	Indicator	Assumptions
<u>GOAL</u> Achieving OTP Air Export Document Release reach 100% in 4 years ahead	OTP on related parts of 100% in 4 years ahead	Implemented on target
<u>OUTCOME</u> Skill enhancement integrated of development process of working with technology/system used reach 90% in 3 years ahead	Increasing the development of human resource skills balanced with improved the development of technology/systems used 3 years ahead	Support by stakeholders
<u>OUTPUT</u> • The increasing optimization of the system reach 70% in 2 years ahead • The increasing development of work processes reach 85% in 2 years ahead • Increasing the skill development of human resources reach 75% in 2 years ahead • Compliance SOP reach 100% year in 2 years ahead	□ Fulfillment systems and process development work reach 70% in 2 years ahead □ The entire HR has the skill and ability of the competent reach 85% in PT SPU CGK year 2 years ahead □ Fulfilled SOP for HR, Facilities, IT and work process in PT SPU CGK 2 years ahead □ Collaborate stakeholders in Operations at PT SPU CGK 4 years ahead	Support by companies
<u>ACTION</u> • Reforms, technology/systems and treatment facilities routinely infrastructures • To supervise the work processes and officer performance	• Fulfillment of the quality of human resources that meet the standards in PT SPU CGK 2 years ahead • The fulfillment of the leadership oversight thoroughly and objectively 2 years ahead	Allocation of resources and sources of funding

Figure 4 Matrix of Logical Framework Approach

The inferences from Fig 4 are: 1) goal of the delay in release of air exports is the achievement of OTP document release air export documents in 4 years ahead with the indicator OTP on related parts will reach 100% in 4 years ahead and assuming that the planned targets materialize; 2) outcome of delay in release of air exports is an integrated document skill improvement of human resources development, the process of working with a technology/system used will reach 90% in 3 years ahead with the indicator improvement of human resource development skills balanced with an increase in the

development of technologies/systems will reach 90% in 3 years ahead and assuming the full support of the stakeholders; 3) the output of the delay in release of air exports is increasing optimization of the system of document will reach 70% in 2 years ahead, increased development of work processes will reach 85% in 2 years ahead, increased skill development of human resources will reach 75% in 2 years ahead and SOP compliance will reach 100% in 2 years ahead with the indicator the fulfillment of the development of systems and work processes will reach 70% in 2 years ahead, the entire HR has the skill and

ability of the competent in the sample of freight forwarding company will reach 85% in 2 years ahead, met SOP for human resources, facilities, IT and work process in the sample of freight forwarding company 2 years ahead, collaborated stakeholders in the operations at the sample of freight forwarding company 4 years ahead and with the assumption of the company's support for the issue; and 4) action from the delay release of air export documents are reforms, technology/systems and infrastructures means routine maintenance, monitoring work processes and officer performance with indicator fulfillment of the quality of human resources that meet the standards in the sample of freight forwarding company 2 years ahead, compliance monitoring and objective overall leader in 2 years ahead and assuming the allocation of resources and the allocation of funds. Based on the analysis above, the sample of freight forwarding company may make efforts to handle the issue of delay in releasing air export documents is as follows: 1) reminding and confirming to the related parties if the document is not complete yet because incomplete documents caused air export documents cannot be processed further and also for the new customer should give a detailed explanation such as what documents should be completed and how the procedures of export performed the freight forwarding company; 2) trying to implement good communication skills in every activity in job, information received should be confirmed to avoid miscommunication, every officer should establish a team work relation, and not only among officers but also to the other stakeholders; and 3) following up customer to immediately make the payment as soon as possible if air export document was ready to be issued.

CONCLUSION

Total shipment of general cargo export in 12 months observed is 8,487 shipments. The

highest number of delay in December is 102 documents from 1,022 shipments which is also the highest number of shipment in the period of study. The delay was caused by the performance of employees of freight forwarding company still relatively less careful in the process of air export documents from the Division of Air Freight Export. Release document handling process air exports from the Division of Air Freight Export has already going well but there are still obstacles that cause delays release of air export documents. This is caused by yet integrated of development process of working with technology/system used and supported by the quality of human resources that not all meet the standards should be. Results analysis of factors cause delays release documents occurrence air export Air Freight Export Division are: 1) business process which the management does not perform strict supervision on the productivity performance of employees; 2) human resources skills that there is no self-development training and report on the quality of an employees' skills; 3) technology used is not optimal because management feels that the old system is still fit for use; and 4) punctuality that the company does not routinely conduct employee performance evaluation. As a result, freight forwarding company should has made efforts to handle the issue of delay in release air export documents such as reminds and confirm to the related parties if the document is not complete yet, implemented good communication skills in every activity in job and information received should be confirmed to avoid miscommunication, and follow up customer to immediately make the payment as soon as possible if air export document was ready to be released.

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