

ANALYSIS OF PERFORMANCE IMPROVEMENT AND INCOTERMS ON LOGISTIC ACTIVITIES AT PT. XYZ

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Abstract: PT. XYZ is a large company operating in the field of Logistics and Supply Chain based in Jakarta, Indonesia. The company intends to develop the company and become a provider of the best quality delivery systems to the international level. The aim of the research is to determine and analyze the scope of logistics transportation in companies, find out the incoterms that apply in the world of international logistics and find out the effect of implementing logistics in improving company performance. The research method uses a qualitative approach to research data. The results of this research are that PT. XYZ has 3 scopes of transportation, namely land, water and air which guarantees the safety and efficiency of product delivery to its destination cost-effectively and on time. The incoterms system is quite complex. Logistics activities can influence the improvement of company performance quite well.

Keywords: Incoterms; Company performance; logistics activities

1. Introduction

Goods delivery business activities currently tend to increase, especially since the pandemic occurred. The most important component in running a business is the Logistics section (Juwitasary, Martani, and Putra 2015). Logistics cannot be separated from all business fields that are being carried out. The definition of logistics itself is a series of transfer journeys which can be in the form of goods, services and other resources (Hasibuan et al. 2021). This series includes planning, implementation and supervision during the movement process from the initial place to the delivery destination. Logistics is very closely related to the supply chain. Sumekar et al. (2022) stated that the aim of logistics activities is to achieve accuracy in time, type and place in distributing goods or services and can save time and costs so that it is more effective in carrying out company operations, in carrying out industrial activities and logistics elements can also influence operational control. So that in the process of running a business or enterprise, especially in businesses engaged in goods delivery services, the meaning of logistics itself can be understood properly and correctly (Julyanthry et al. 2020). This aims to ensure that there are no errors in carrying out or processing the goods. Because if an error occurs in the shipping, sorting process and all forms of these errors, it can have fatal consequences for a company (Pardosi 2019). So that priorities in continuous improvement must continue to be implemented and mitigated from the start by the company in order to achieve customer satisfaction, especially in the field of goods delivery services (Nurwahyudi, N., & Rimawan, E. 2021).

The analysis in this research concerns logistics carried out at PT. XYZ. This company is a

company operating in the field of Logistics and Supply Chain which is based in Jakarta, Indonesia. The company has built a fairly extensive network in various countries in Asia, Europe and Africa. The problem formulations in the research include: (1) What is the scope of transportation in the company, (2) What is included in Incoterms and how does it affect the delivery of goods; (3) How does logistics affect the company, (4) What is the performance? of logistics in the company, and (5) How to apply logistics to improve company performance.

2. Literature Review

Transportation

According to Tien et al. (2019) transportation is able to add place value to products and services, transportation is also very relevant because no modern company can operate without preparing to move raw materials and finished products from one place to the next business process.

Land transportation is a means of transportation between cities that has the advantage of distributing people and goods with a wider capacity and land transportation costs are relatively cheaper compared to other transportation, land transportation is also any form of transportation that uses roads to transport passengers and goods (Fauzan 2021).

Air transportation allows fast and efficient travel, including trips to remote areas not served by other modes of transportation, as well as facilitating economic development, trade and investment. According to statements from Wiltshire and Jaimurzina (2017), connectivity from air transportation also provides opportunities to bring individuals and business together enables global supply chains and connects families and communities (Simanjuntak et al. 2021). Water or sea transportation is the main means of water transportation, shipping and community mobilization in various places which can provide an overview of the changes or progress of a place in the fields of education, economics, social, employment and development which is able to open up the isolation of a place from the outside world and also as a means of liaison between available islands with an important role in supporting economic growth, increasing or developing peace, social change in education and strengthening state resilience Akhyary et al. (2019).

Logistics

Logistics is the movement of goods from their place of origin to the hands of consumers according to a statement from (Rismara, Harimurti, and Purnaya 2021). Logistics as an art of calculation and reasoning is different from supply chain management and is the work required in moving and positioning inventory throughout the supply chain. Logistics management is a component of supply chain management with a system that integrates all organizational and company processes from the process of preparing and delivering products to customers (Rismara et al. 2021).

According to He et al. (2021) international logistics is developing into one of the most relevant new services and focuses on solving the problem of moving product space in the process of transferring ownership of goods, which mainly involves transportation, storage and delivery of goods, international logistics is also a basic guarantee for the development of international trade and international logistics. has a positive spillover effect on export trade and the speed of development of international logistics has a regulatory effect on the relationship between international logistics and export trade, which presents a U-shaped curve.

Performance

According to Setiawan and Putra (2019) performance is the level of success of a company in achieving its goals. Performance is the result of work and work behavior that has been achieved in completing the tasks and responsibilities given for a certain period (Nasution and Ramadhan, 2019). It can be defined that logistics performance is the level of success of a person or company in carrying out their work from the logistics process, namely starting from planning activities, implementation to monitoring a process of moving goods and services, resources and other energy from the initial place to the destination.

Meanwhile, according to Galib and Hidayat (2018), company performance is a display of the overall condition of the company in a certain time period, which is the achievements or results or accomplishments that are influenced by the company's operational activities to utilize the resources it has so that if the company's performance increases, it will be able to be seen from the incessant activities of the company in order to generate large profits.

Incoterms

Incoterms are standard terms of sales contracts that have been previously determined in international documents with the entire list of obligations and conditions having been carefully analyzed and classified into 11 terms or 11 terms according to the statement of Kozak and Tyshko (2021). Furthermore, according to Davis and Vogt (2021) Incoterms as a supply chain requirement in the sale and purchase of goods, the incoterms aspect includes the method used to express the obligations, risks and payments carried out by the seller or buyer respectively in the exchange of goods.

3. Method

In analyzing this research, the author used a qualitative approach to research data (Wahidwarni, 2017). Where the author takes qualitative data in the form of non-numerical data that supports the author's research such as theoretical basis, previous research, opinions that support the final results of research on a company's logistics process, aspects of incoterms used by the company, the influence of logistics on the company, various company logistics risk management (Samsul, 2020). The author presents this data in discussing the influence of improving performance and the required incoterms aspects on logistics activities at PT. XYZ.

The research data source that the author uses is secondary data, namely data that is processed first and finally used as additional information, namely from national and international journals and articles (Resalawati 2011). The author uses data collection techniques through documentation data to collect data and information required by research, documentation is collected and analyzed through written documents in the form of descriptions or those that are able to support the research topic (Rukajat 2018).

4. Results and Discussion

Scope of Land, Air and Water Transportation PT.XYZ

There are several scopes of transportation owned by PT. XYZ namely:

1) Land transportation

Land transportation used by PT. XYZ is Trucking (Naufal, 2019). Land transportation operations can determine the efficiency of product movement and take the most important part in logistics. PT. XYZ serves its consumers' needs by investing in advanced equipment for delivery services that use land transportation. Land transportation services provided by

PT. XYZ focuses on domestic and international movement of goods, ensuring its customers' satisfaction with cost-effective, reliable and timely goods delivery solutions.

2) Air transport

Through a strategic alliance owned by PT. XYZ with the main airlines at regional and global levels, PT XYZ offers the best solutions in air transportation services, air and sea transportation for both import and export cargo throughout the world. Global access owned by PT. XYZ is already very broad. Consumers can get fairly guaranteed reliability with door-to-door air transportation services to major metropolitan areas around the world.

3) Water transportation

PT. XYZ collaborates with the best sea operators in the world to be able to cover and reach major ports throughout the world to provide reliable FCL and LCL cargo. Because many operators offer varying rates, sailing frequencies, transit times and equipment, PT. XYZ can help its customers provide the best options according to their customers' specific needs. With a fairly extensive network, PT. XYZ offers cross-trade shipping which includes warehousing which provides benefits in terms of reduced inventory, lower container storage and demurrage costs. The demurrage fee itself is an additional fee imposed by the shipping company or shipping agent for additional time for use or usage of the container.

Aspects of Incoterms PT.XYZ

The rules of incoterms have become one of the important things of everyday trading language in the aspect of incoterms. These rules have been incorporated into contracts for the sale of goods worldwide and provide rules and guidelines for importers, exporters, attorneys, carriers, insurance companies and students of international trade. Likewise with PT. XYZ has used Incoterms 2020 in its logistics activities.

DESCRIPTION	FREIGHT/RISK	MORE DETAILS
EXW Ex Works	SELLER: COSTS, RISK, INSURANCE BUYER: RISK, INSURANCE	Freight Seller's premises. Risk Seller's premises. Seller responsible for making the goods available at the seller's premises. Buyer bears the full risk from there to destination.
FCA Free Carrier	SELLER: COSTS, RISK, INSURANCE BUYER: RISK, INSURANCE	Freight Freight handler. Risk Freight handler. Seller responsible for delivery to the custody of carrier, identified by the buyer. Risk is transferred when loading has taken place.
CPT Carriage Paid to	SELLER: COSTS, RISK, INSURANCE BUYER: RISK, INSURANCE	Freight Destination. Risk First freight handler. Seller delivers goods to the carrier at agreed place of delivery and pays transport to the named destination, whereas seller pays for transport to the destination.
CIP Carriage and Insurance Paid to	SELLER: COSTS, RISK, INSURANCE BUYER: RISK, INSURANCE	Freight Destination. Risk First freight handler. Seller delivers goods to carrier at agreed place of delivery and pays for transport and insurance to named destination. Risk transfers at the place of delivery, whereas seller pays for transport and insurance to the destination.
DAT Delivered at Terminal	SELLER: COSTS, RISK, INSURANCE BUYER: RISK, INSURANCE	Freight Destination. Risk Destination. Seller delivers goods unloaded at a specified place inside agreed terminal. Risk is transferred as soon as goods have been unloaded.
DAP Delivered at Place	SELLER: COSTS, RISK, INSURANCE BUYER: RISK, INSURANCE	Freight Place of destination. Risk Arriving means of transport at destination. Seller delivers goods to disposal of buyer on arriving means of transport, at agreed place. Seller assumes risk until goods are made ready for unloading from the arriving means of transport.
DDP Delivered Duty Paid	SELLER: COSTS, RISK, INSURANCE BUYER: RISK, INSURANCE	Freight Destination. Risk Destination. Seller responsible for bringing goods to the destination, paying any duty and making the goods available to buyer. Risk transfers as soon as buyer has access to goods ready for unloading at agreed destination.
FAS Free Alongside Ship	SELLER: COSTS, RISK, INSURANCE BUYER: RISK, INSURANCE	Freight Shipside in port of departure. Risk Shipside in port of departure. Seller is responsible for delivery of goods at quay alongside the ship. From this point onwards, risk lies with buyer.
FOB Free on Board	SELLER: COSTS, RISK, INSURANCE BUYER: RISK, INSURANCE	Freight On board ship. Risk On board ship. Seller responsible for delivery of goods loaded on board the ship. Risk is transferred as soon as goods have been set down inside ship.
CFR Cost and Freight	SELLER: COSTS, RISK, INSURANCE BUYER: RISK, INSURANCE	Freight Port of destination. Risk On board ship. Seller covers cost of freight, duty unpaid, to named port of destination. Risk is transferred as soon as the goods have been set down inside ship.
CIF Cost, Insurance and Freight	SELLER: COSTS, RISK, INSURANCE BUYER: RISK, INSURANCE	Freight Port of destination. Risk Port of destination. Seller covers cost of insurance and freight, duty unpaid, to named port of destination. Risk is transferred as soon as the goods have been set down inside ship.

Figure1: Incoterms 2020 from PT. XYZ

Based on the Incoterms rules contained in the image above, it can be explained that the 2020 Incoterms from PT. XYZ, namely:

- EXW or ex-work: The seller is only responsible for ensuring that the goods are available at the specified location (usually the seller's warehouse or warehouse) in proper packaging. Buyer assumes full risk from there to destination.
- FCA or free carrier: The seller is responsible for delivering the goods to his place, which has received an export permit, and loading the goods into the selected vehicle. Risk is transferred when loading has occurred.

- c. CPT or carriage paid to: The seller hands over the goods to the carrier and is responsible for paying transportation costs. The seller's responsibility ends when the goods are handed over to the carrier.
- d. CIP or carriage and insurance paid to: The seller sends the goods to the carrier and is responsible for payment of carriage and insurance. Risk is transferred at the place of delivery, while the seller pays for transportation and insurance to the destination.
- e. DAT or delivered at terminal: The seller sends the goods unloaded at a certain place within the agreed terminal. Risk is transferred as soon as the goods are unloaded.
- f. DAP or delivered at place: The seller is responsible for the goods until they are unloaded at the place of delivery. This means that the seller is responsible for unpacking the goods. The buyer is responsible for customs or import duties, and the seller assumes all costs and risks until the goods reach the delivery location.
- g. DDP or delivered duty paid: The seller delivers the goods to the buyer ready for unloading, where all duties, taxes and import duties are paid. Buyer is responsible for unpacking goods upon arrival. Transfer of risk as soon as the buyer has access to the goods ready for unloading at the agreed destination.
- h. FAS or free alongside ship: The seller is responsible for shipping the goods at the dock next to the ship. From this point onwards, the risk lies with the buyer.
- i. FOB or free on board: The seller is responsible for the delivery of goods loaded on board the ship. Risk is transferred as soon as the goods are placed on board the vessel.
- j. CFR or cost and freight: Seller bears freight costs, unpaid duties, to the named port of destination. Risk is transferred as soon as the goods are placed on board the vessel.
- k. CIF or cost, insurance and freight: Seller covers insurance and freight costs, unpaid duties, to the named port of destination. Risk is transferred as soon as the goods are placed on board the vessel.

There are several changes in the 2020 Incoterms compared to the 2010 Incoterms, namely in the DAT or delivered at terminal section becoming DPU delivered at place unloaded and also structurally reversing the order of the two rules. Based on the 2010 Incoterms, the goods are considered complete if the unloaded goods arrive at the specified place or stated destination, whereas according to the 2020 Incoterms, the goods are considered complete if they have been handed over to the buyer and are ready to be unloaded at the specified place or stated destination. Apart from that, there are also changes in the use of 3-party goods transportation. Incoterms 2020 applies if you use personal transportation of goods without using a third party in accordance with the rules of Incoterms 2020. Not only that, Incoterms 2020 also provides additional options for bill of lading cases by means of which the buyer and seller can agree that the buyer will ask the carrier to issue a bill of lading to the seller at the buyer's expense and risk, after the goods are loaded, the seller is then required to present a bill of lading.

Influence of PT.XYZ Logistics

Logistics is a supply chain process designed to plan, implement, manage the process of goods or services effectively and efficiently from start to consumption, procurement, management, goods, services and information with the aim of meeting consumer needs. The aim of logistics activities is to ensure accuracy in time, place and type in distributing goods or services and to save time and costs so that it is more effective in carrying out company operations. Logistics activities can include storage, distribution of goods, transportation of goods (freight) and order management (processing of customer orders). This logistics activity can influence control in industrial operations and also consumer satisfaction because this logistics activity can expedite and simplify the distribution and delivery of goods and services to consumers. Logistics stages

that are carried out systematically and meet operational standards are very supportive of the process of continuing industrial operations and the results of timeliness, place and type of goods in distribution can also increase customer satisfaction. Customer satisfaction is one of the things that can support company performance so that it can improve the company's good image in the eyes of customers. Logistics reliability can also be a competitive advantage for companies. In other words, marketers need to translate each consumer's expectations into satisfaction with the services offered. This is the key to success to be different from competitors because in marketing activities, logistics is also offered as a product.

PT.XYZ logistics performance

Company PT. XYZ which as a logistics and supply chain company is equipped with skilled and loyal staff members with the aim of becoming one of the leading companies in this industry, the determination in developing the company's growth is shared in daily staff meetings and the same is driven by management and quickly implemented and the reasons The main objective is to improve the company's quality system. Continue to exceed the needs and expectations of customers and employees with continuous evaluation and improvement in every aspect of the company's daily operations. The team from the company PT. XYZ was united by a passion for finding better and smarter ways of doing things, providing effective solutions that give customers the peace of mind to concentrate on what they do best.

Based on the results of the analysis, it is known that the logistics performance of the company PT. XYZ is pretty good. Both in terms of price, development and analyzing the field, the performance of employees who have developed aspects of the company's daily operations. With operations carried out by the company to provide the best service for its customers so that they get good and good service. It is known that reviews from customers and company employees are quite good for the PT company. XYZ can maintain this and develop aspects that are less satisfying to customers.

Application of Logistics in Improving PT Performance. XYZ

A 24-hour operational system is applied to maximize the performance of logistics companies and supply chains at PT. XYZ. The benefits can certainly be felt by service recipients to the fullest and facilitate service delivery at any time. The transportation offered for customer service can meet their needs. Facilitated sea transportation Advice services to identify the best ways to improve supply chain performance and potential cost savings. Access to multiple cruise ships to optimize cruise and transit times.

End-to-end service by providing product delivery progress. Outreach with 24 hour communication. Our extensive network coverage allows us to provide cross-commerce transportation, including warehousing. This has the benefits of lower inventory levels, lower container storage, and lower backlog costs. Full regional air freight coverage in a short, flexible, global access to expand horizons in reducing delays and costs when choosing PT customs services. XYZ.

A strong system requires a clear logistics framework and the right transportation equipment and technology to connect production flows. Land transportation services PT. XYZ focuses on transporting domestic and international goods by land, ensuring customer satisfaction with cost-effective, reliable and on-time shipping solutions.

Warehousing and distribution systems help smooth the distribution of materials between suppliers and customers. Apart from that, the warehousing system provides the benefit of reducing product transportation costs in economies of scale in the manufacturing sector in purchasing and even provides more value and cuts time on the company's distribution activities.

Strategic location, adequate technology for the process, appropriate and cost-effective system design are superior distribution solutions in the class of PT companies. XYZ.

5. Conclusions

There are several conclusions in the research article, that PT. XYZ has 3 scopes of transportation, namely land, water and air transportation. PT. XYZ uses incoterms according to customer requirements, considering the current high freight forwarding prices, so when choosing these incoterms, PT. XYZ must consider costs in order to achieve better effective use of funds. Logistics performance from PT. XYZ is quite good in terms of price for customers so the company needs to develop and maintain good aspects of logistics performance. PT. XYZ with 24 hour operation of course. The benefits can be felt by service recipients to the maximum and facilitate service delivery at any time. Sea, air, land transportation facilitated by advisory services to identify the best ways to improve supply chain performance and potential cost savings. A strong system with a clear logistics framework and the right transportation equipment and technology to connect production flows. Of course, all the services provided can help, especially the smooth running of cross-border logistics activities with all the added value of PT class. XYZ.

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