[CHAPTER 1. THEORETICAL FRAMEWORK 2](#_Toc136730824)

[1.1. Overview of logistics service 2](#_Toc136730825)

[1.1.1. Definition of service 2](#_Toc136730826)

[1.1.2. Characteristics of service 2](#_Toc136730827)

[1.1.3. Logistics service 3](#_Toc136730828)

[1.1.4. Service quality 3](#_Toc136730829)

[1.2. Overview of a process 4](#_Toc136730830)

[1.2.1. Definition of a process 4](#_Toc136730831)

[1.2.2. Ingredients of a process 5](#_Toc136730832)

[1.2.3. Criteria to evaluate a process 6](#_Toc136730833)

[1.2.3.1. Time 6](#_Toc136730834)

[1.2.3.2. Cost 6](#_Toc136730835)

[1.2.3.3. Quality 6](#_Toc136730836)

[1.2.3.4. Flexibility 7](#_Toc136730837)

[1.3. Overview of freight forwarding service 8](#_Toc136730838)

[1.3.1. Freight forwarding service 8](#_Toc136730839)

[1.3.1.1. Definition 8](#_Toc136730840)

[1.3.1.2. Role 8](#_Toc136730841)

[1.3.1.3. Legal basis 8](#_Toc136730842)

[1.3.2. Features of freight forwarding service 9](#_Toc136730843)

[1.3.3. Freight forwarding methods by sea 10](#_Toc136730844)

[1.3.3.1. Full container load (FCL) 10](#_Toc136730845)

[1.3.3.2. Less than container load (LCL) 10](#_Toc136730846)

[1.3.4. Participants in freight forwarding service 10](#_Toc136730847)

[1.3.4.1. Forwarder 10](#_Toc136730848)

[1.3.4.2. Customer 11](#_Toc136730849)

[1.3.4.3. Shipping line (carrier) 12](#_Toc136730850)

[1.3.4.4 . Customs department 13](#_Toc136730851)

[1.4. General process and related documents of FCL sea freight forwarding service for importing 14](#_Toc136730852)

[1.4.1. General process of FCL sea freight forwarding service for importing 14](#_Toc136730853)

[1.4.2. Related documents used in this process 17](#_Toc136730854)

[Reference 20](#_Toc136730855)

# CHAPTER 1. THEORETICAL FRAMEWORK

## 1.1. Overview of logistics service

### 1.1.1. Definition of service

According to Gronroos (1990), “a service is an activity or series of activities of more or less intangible nature that normally, but not necessarily, take place in interactions between the customer and service employees and/or systems of the service provider, which are provided as solutions to customer problems”. As a result, it only exists while being delivered by the provider and consumed by the customer.

### 1.1.2. Characteristics of service

The characteristics of service were proposed by Kotler and Keller in 2007, including intangibility, inseparability, variability, and perishability

**Intangibility**

Services cannot be seen, touched, tasted, or smelled before they are purchased. Unlike physical goods, which can be inspected, tested, and evaluated before purchase, services are essentially abstract and experiential in nature.

**Inseparability**

Inseparability is one of the characteristics of services, which means that services are produced and consumed simultaneously, making it impossible to separate the production from consumption. As a result, it requires a simultaneous presence of both service provider and consumer. Unlike physical goods, which can be produced in one location and consumed in another, services are created and delivered in the same place and time.

**Variability**

Variability is one of the characteristics of services, which means that services are highly variable and can differ from one customer or one service encounter to another. This change differs due to the service’s nature, the person providing and using the service, when it is offered and how it is delivered. Unlike physical goods, which are produced to standardized specifications, services are often customized or tailored to meet the specific needs and preferences of individual customers.

**Perishability**

Perishability is one of the characteristics of services, which means that services cannot be stored, inventoried, or resold, and any unused capacity is lost forever. Similarity with inseparability, it requires a simultaneous presence of both service provider and consumer. Unlike physical goods, which can be produced in advance and stored for future sale, services must be produced and consumed at the same time.

With these characteristics, from a managerial perspective, managing the quality of a service can be more compilcated than managing the quality of a product because services are often produced and consumed simultaneously. Besides, services are often customized to meet the specific demands of the customer, which can increase the requirement for offering a range of services. Finally, because services cannot be stored, which can create challenges in monitoring, forecasting capacity and satisfying customer demands.

### 1.1.3. Logistics service

Logistics plays a significant role in national economies of many countries, especially developing countries like Vietnam. According to the Article 233 Vietnam Commercial Law, logistic services means “commercial activity whereby a business entity organizes the implementation of one or more work items including receiving goods; arranging transportation, warehousing, storage, completion of customs formalities and other documentation procedures; providing consultancy to clients; packing goods and labelling them with their codes, and goods delivery or other services relating to goods in accordance with an agreement with clients in order to enjoy remuneration”. The service may utilize air, marine, road, or rail transportation.

Logistics services can be grouped into five main categories: inventory management, transportation, warehousing, information technology management, and production and are either performed in-house or outsourced to logistics service providers. Y Tseng et al. (2005) defined that logistics services comprise physical activities (e.g. transport, storage) as well as non-physical activities (e.g. supply chain design, selection of contractors, freightage negotiations).

The Seven Rights prove that logistic activities provided the foundation for high levels of customer satisfaction. The seven rights are, to deliver the right product, in the right quantity and the right condition, to the right place at the right time for the right customer at the right price. (Coyle et. al 1996)

### 1.1.4. Service quality

Although it is now well-accepted that service quality is important for corporate strategy and planning, there are no clear-cut definitions of quality. Many of the suggested definitions focus on meeting customer needs and requirements. The definition of "service quality" by Philip Kotler and Gary Armstrong is that it refers to a company's ability to retain customers. Gronroo (1982) believed that the quality of service, as perceived by the customer is the result of a comparison between the expectations of the customer and his real-life experiences. Grant (2005) supposed that service quality as the firm's goal is to enhance performance in order to retain current customers, attract new ones and suggest developing long-term relationships instead of transactional activities.

Meanwhile, many researchers underlined the significance of studying not only the quality of services delivered to external customers but also the quality of services exchanged among collogues within the organization by Omid et al. (2014). According to Ahmed et al. (2011), service quality can be divided into two categories: internal service quality (ISQ), which refers to how employees feel about their jobs, their coworkers, and the organization as a whole, and perceived service quality (PSQ), which refers to how customers feel about the service they received. Besides, service quality was divided into two categories by Latif et al. (2016): internal service quality (ISQ) and external service quality (ESQ). They identified ISQ as the quality of service offered to coworkers by people from diverse organizational units within the same company and ESQ as the quality of service provided to clients by the organization.

Moreover, there are three aspects used to evaluate the quality of the service: structure (later referred to as “potential”), process and outcome (Donabedian, 1980). In that, “structure” describes the qualification, resources and organizational conditions of a provider; the “process” describes activities and interactions during the service provision; and “outcome” comprises tangible results of the service encounter and attitudes generated. Although three aspects were developed for the evaluation of the quality of health care, it is quite independent of any industry context and offers great flexibility. Therefore, it was also chosen as the basis for construct development in this study. To have thoroughly understand in this study, it is crucial to consider five criteria internal and external factors, structure, process and outcome in service quality.

## 1.2. Overview of a process

### 1.2.1. Definition of a process

A business process, according to Fundamentals of Business Process Management, is a grouping of inter-related activities, events and decision points that involves transforming inputs into outputs and creating value for at least one customer or organization. Every time a company provides a service or a product to customers, business processes are what they do. The way processes are designed and performed affects both the quality of service that customers perceive and the efficiency with which services are delivered.

### 1.2.2. Ingredients of a process

According to the Fundamentals of Business Process Management, it recommends that the process always includes the following components:

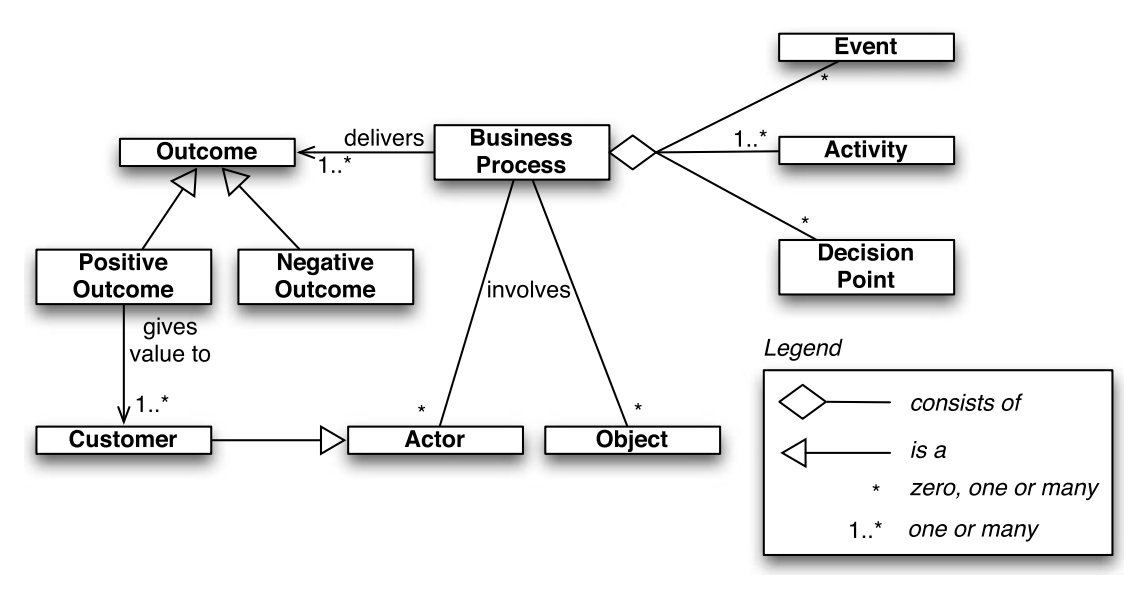


Figure ‑

Ingredients of a process. Source: Fundamentals of Business Process Management

Event, activity, decision point, make up a business process.

* Event: things that happen atomically, meaning that they have no duration. This event may trigger the execution of a series of activities.
* Activity: works that require many steps
* Decision point: points in time when a decision is made that affects the way the process is executed.

A process involves several actors and objects:

* Actor: includes human actors, organizations, or software systems acting on behalf of human actors or organizations
* Object: includes physical objects (equipment, materials, products, paper documents) and immaterial objects (electronic documents and electronic records)

Finally, the execution of a process leads to one or several outcomes. Ideally, an outcome should deliver value to the actors involved in the process. In some cases, this value is not achieved or is only partially achieved. This corresponds to a negative outcome, as opposed to a positive outcome that delivers value to the actors involved.

Among the actors involved in a process, the one who consumes the output of the process plays a special role, namely the role of the customer. They are the ones who will get value from the result and share their feelings and opinions about it. Sometimes, there are multiple customers in a process. The outcome of the process provides value both to the buyer and seller in some cases.

### 1.2.3. Criteria to evaluate a process

Peter Drucker, the man who is a father of Modern Business Management confirmed that “You can't improve what you don't measure.” In that, if you can not evaluate it, you can not have the necessary scientific basis to improve it. It is the reason why we need to have a standard to evaluate a process to manage and grow.

Many performance measurement systems have been developed over the past 20 years. Two prominent examples are the framework suggested by Kueng (2000) for conceptualizing and developing a process performance measurement system and the Devil’s quadrangle by Brand and Kolk (1995), which separates time, cost, quality, and flexibility as four performance dimensions. These four dimensions have been established as the standard viewpoint of business process performance measurement in the reasearches of Dumas et al. (2013) and Jansen-Vullers et al. (2008).

#### 1.2.3.1. Time

Time has been described as a fundamental performance indicator as well as a source of competitive advantage. A set of performance measures for the time dimension, consisting of lead time and throughput time.

* Lead time is the amount of time needed to complete a case.
* Throughput time is the time between the moment a task is completed, and the moment the next task is completed.

#### 1.2.3.2. Cost

Cost is another important dimension of performance measurements, as companies seek to minimize costs while maintaining or improving service quality. Focusing on the direct costs of running a process, we discerned running costs (for labor, machinery, and training), inventory costs, transport costs, administrative costs, and resource utilization costs.

#### 1.2.3.3. Quality

A workflow's quality could be assessed from at least two perspectives, including external quality and internal quality.

* External quality: is determined from the viewpoint of the customer, or the individual or group who begins the workflow and receives the results. The extent to which the consumer believes that the product meets their expectations or is satisfied with the delivered product is referred to as their level of product satisfaction. The satisfaction of a customer with the process relates to the way a workflow is executed (Reijers, 2003). Therefore, external quality should be assessed by both outcome and the way service is being provided. This process starts with the first communication of customer and provider about a certain service event and stops when the service has been rendered fully. Product performance, conformance and serviceability are considered when evaluating output quality, whereas, information availability, the effective and error-free receipt, processing and forwarding of information, and friendliness and courteousness of employees are taken into consideration when evaluating the way service is being provided.
* Internal quality: is determined from the perspective of the employee. These include:

(1) a whole and identifiable piece of work is completed;

(2) a variety of skills need to be used;

(3) the work has a substantial impact on the lives or work of others;

(4) substantial autonomy is provided;

(5) direct and clear feedback about performance effectiveness is available

In additional, a workflow's quality can be assess by “potential” aspect by Donabedian research as mentioned in literature review. “Service potential” describes the ability of a provider to realise a service through its (human and material) resources. Engelke (1997) sees this category as consisting of two kinds of structure: (1) employees, (2) assets. Concerning employees, a company’s service potential is manifested by their qualifications, reliability and caring as well as their competence, knowledge and trustworthiness. The service potential of the assets and technology of a company is most obviously expressed through their general condition. Equipment, ỉnustructure as well as the cleanliness and maintenance status strongly influence of a company’s ability to perform high-quality services (Gogoll, 1996).

#### 1.2.3.4. Flexibility

Flexibility can be defined as “the ability to react to changes”. It seems possible to identify flexibility for resources, individual tasks, and the workflow (process) as a whole. Four types of flexibility can be distinguished.

* Mix flexibility: the ability to process different kinds of cases (per resource, task, or workflow).
* Labor flexibility reflects the ability to perform different tasks (per resource or per workflow).
* Volume flexibility: the ability to handle changing volumes of input.
* Process modification flexibility: the ability to modify the process.

## 1.3. Overview of freight forwarding service

### 1.3.1. Freight forwarding service

#### 1.3.1.1. Definition

The International Federation of Freight Forwarders Associations (FIATA) adopted and published the definition in 2004 as follow: "Freight forwarding services are services of any kind relating to the carriage (performed by single mode or multimodal transport means), consolidation, storage, handling, packing or distribution of goods, as well as ancillary and advisory services in connection therewith, including but not limited to customs and fiscal matters, declaring the goods for official purposes, procuring insurance of the goods and collecting or procuring payment or documents relating to the goods”.

#### 1.3.1.2. Role

Overall, freight forwarding services help to streamline the logistics process and make it more efficient and effective for businesses that have transportation. In addition, to lowering risks and expenses for their clients, they offer legal expertise, resources, and technology to guarantee that goods are delivered securely and on schedule.

#### 1.3.1.3. Legal basis

Sea transportation is guided worldwide by the following organizations:

International Maritime Organization (IMO) which activity ranges from aspects of maritime activity management, security and safety of vessels to marine pollution and maritime cargo security (Rowbotham, 2014).

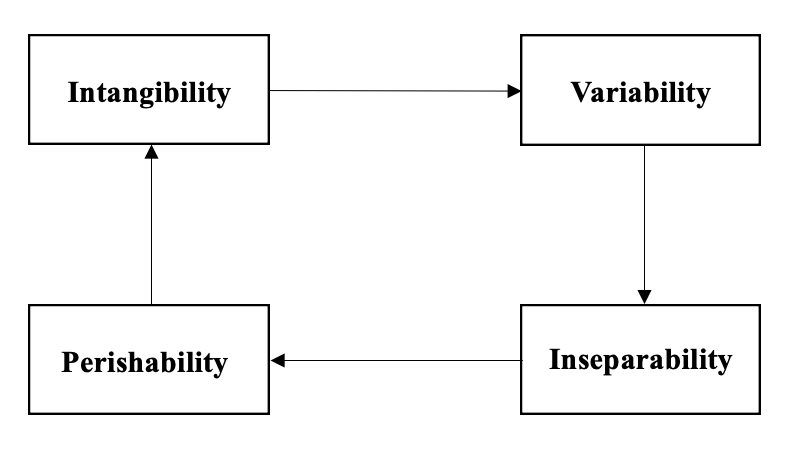
The Committee Maritime International (CMI) is related exclusively to maritime law and related commercial practices. It works on maritime conventions and electronic document/ data interchange (EDI) (Rowbotham, 2014).

United Nations Commission on International Trade Law (UNCITRAL) works on harmonisation and unification of the law of international trade. UNCITRAL established in 1992 a convention governing the rights and obligations of shippers, carriers and consignees under a contract of carriage of goods by sea (Joyner, 2005).

The mentioned organizations guide the marine transportation process by allocating agents' rights and obligations. Nevertheless, there are no rules or governing organizations controlling such aspects of freight forwarding as pricing, space distribution, etc. These are adjusted under national law and agreements between freight forwarders and their customers.

### 1.3.2. Features of freight forwarding service

As freight forwarding is a kind of service, it has four characteristics. And these characteristics interact and influence each other closely.



Figure

How freight forwarding characteristics influence each other.

Firstly, because freight forwarding is an intangible item, it is challenging for consumers, service personnel, and service providers to explain them. In addition, it makes it harder to set the price and persuade clients to start using the product. This leads to ambiguity in defining quality standards and quality management. Because of ambiguity, freight forwarding is variable because it involves people. The quality of the freight forwarding service may vary greatly and it depends on who provides them and when, where, and how they are provided and the perception of the person being served. Because of this, freight forwarding cannot be separated. It is generated and consumed simultaneously and can not be separated from its providers, whether people or machines. It can only be made when a customer enters and makes a request, and it necessitates the simultaneous presence of both the service provider and the customer. Customers are crucial to the provision of services; in fact, it may be claimed that customer quality determines service quality. Because it is not created before the customer arrives, the service cannot be stocked either. Therefore, freight forwarding is seasonal as it depends greatly on the volume of import-export goods and the time in which the import and export activity takes place. Customers may get dissatisfied due to the supply and demand imbalance at the peak season since there is a greater risk of faults and errors in the delivery of services. Finally, because it has not been created before, the service is ambiguous (as the first feature mentioned).

With the above characteristics, logistics service providers will have difficulty in pricing and persuading customers, setting quality standards and quality management, reducing fluctuations in service quality, increasing customer satisfaction as well as predicting and managing supply and demand effectively.

### 1.3.3. Freight forwarding methods by sea

The four main forms of transportation used in logistics are truck, ship, train, and plane, commonly referred to as road, marine, rail, and air shipments. Choosing the best means of transportation involves the type of cargo being shipped, the volume of goods, and other factors. In this study, the author only concentrates on and thoroughly defines methods of freight forwarding by sea. Ocean container shipping can be done in two different ways (Zeng, 2003; Dallari et al., 2006), namely shipment with full container load and shipment with groupage container (less than container load).

#### 1.3.3.1. Full container load (FCL)

FCL refers to a a single container that is booked by the shipper exclusively for the transportation of their cargo only. This service is used by businesses that have enough goods to fill the entire container.

FCL is cheaper than LCL because freight agents prefer a full container rather than filling the container with different products by different clients. It turns out to be the ideal choice for many companies if the product or raw material is in big quantity. Another advantage of full container load is the departure time is flexible and can be more precisely aligned with the production plan. Lastly, it have great security and fewer risks of damage to the goods because container is handled less.

#### 1.3.3.2. Less than container load (LCL)

LCL refers to cargos filled by different clients in a single container. The consolidator arranges a fully loaded container and consoles the cargo of other shippers and separates each shipment at the final destination before delivering it.

LCL is the best transportation method for small volume shipments because its cost-effective. As you have no control over the cargo that is loaded in the same container with your items, there is always a risk of damaging goods. In addition, the multiple destinations of the cargo increase the complexity and possible delays.

### 1.3.4. Participants in freight forwarding service

#### 1.3.4.1. Forwarder

a) Overview

Freight forwarders play an important role in the transportation industry by helping companies streamline the process of shipping goods. According to Passas &Jones (2007), freight forwarders having many related activities and broader definitions. Varun (2019) stated that a freight forwarder is a person or company that specializes in arranging shipments, helping in the completion of documentation and paperwork, and dealing with the regulations and requirements of other nations.Therefore, the service providers such as a Non-Vessel Operating Common Carrier (NVOCC), consolidator, intermodal transportation service provider, multimodal transportation service provider, combined transport freight provider, 3PL and logistics service provider, etc. are included in the group of forwarders.

Freight forwarders act as intermediary agents, consult and select the appropriate mode and carrier for the shipment. On behalf of their clients, they handle the shipments, do customs clearance, process payments and process other documents. To ensure door-to-door service, a forwarder might work with various intermediaries on both ends of the goods flow.

b) Rights and obligations

According to Article 235 of Vietnam Commercial Law (2005).

1. Unless otherwise agreed, a business entity engaging in the business of logistic services shall have the following rights and obligations:
   1. To receive remuneration for logistic services and other reasonable expenses;
   2. If during the performance of the contract there is a legitimate reason [for taking action or for not acting] which will ensure the interests of the client, then the business entity may perform the contract other than in compliance with the instructions of the client provided that immediate notice is served on the client;
   3. To provide immediate notice to the client requesting further instructions if any event occurs which may result in non-performance of part or all of the [initial] instructions of the client;
   4. To discharge obligations within a reasonable period of time if there is no specific agreement on a time-limit for the discharge of obligations owed to the client.
2. When arranging transportation of goods, a business entity engaging in the business of logistic services must comply with the law and practice on transportation.

#### 1.3.4.2. Customer

a) Overview

All transportation process begins with a company transferring its goods from a warehouse to another place such as distributors, customers or even another warehouse. Customers could be consignors or consignees. The consignor, often known as the shipper, is the sender of a shipment in a transport contract. The consignee is the receiver of a shipment. Both parties desire to carry their commodities as safely as possible with low-cost and fastest delivery time.

b) Rights and obligations

According to Article 154 Vietnam Maritime Code (2015).

Unless otherwise agreed, a shipper (customer) shall have the following rights and obligations:

1. The shipper must ensure that goods meet stipulated conditions of packing or marking. Unless such conditions are met, the carrier shall have the right to refuse to load goods on board a ship.
2. The shipper must provide the carrier in a timely manner with necessary documents and instructions related to goods of an inflammable, explosive nature or others of dangerous nature, or those subject to special handling, transportation, preservation and discharge methods.
3. The shipper shall be liable for compensation for any loss arising out of delayed provision or provision of inaccurate or invalid necessary documents and instructions.
4. The shipper shall be held liability to the carrier, passengers, seafarers and other owners of goods for any loss resulting from either intentional or accidental misstatement or misrepresentation of information about goods if the carrier has proven that such loss arises out of the default of the shipper.

#### 1.3.4.3. Shipping line (carrier)

a) Overview

A carrier is a company that offers transportation services via air, sea, or land. In transportation, the responsibility of the carriers is the actual movement of goods from the place of shipment to the place of receipt. Unlike the shipper and the consignee, carriers want to receive the highest freight, while keeping labor, fuel and vehicle costs as minimal as possible.

b) Rights and obligations

According to Article 150 Vietnam Maritime Code (2015). Carrier’s obligations are defined as “The carrier shall be bound before and at the beginning of the voyage to exercise due diligence to make the ship seaworthy; properly man, equip and supply the ship; make the holds, refrigerating and cool chambers, and all other parts of the ship in which goods are carried, fit and safe for their reception, carriage and preservation of goods”.

Carrier shall have the following rights:

1. To request transport hirers to provide necessary information on cargoes for inscription in bills of lading and to check the authenticity of such information.
2. To request transport hirers to fully pay freights and arising expenses; to request transport hirers to compensate for damage caused by their breaches of the agreed contracts.
3. To refuse to transport cargoes which are not delivered by transport hires as agreed upon in the contracts.
4. To request the expertise of cargoes when necessary.
5. To retain cargoes in cases where transport hirers fail to fully pay freights and arising expenses as agreed upon in their contracts.

#### 1.3.4.4 . Customs department

a) Overview

According to Article 12 of Law on Customs (2014), Vietnam Customs shall inspect and supervise goods and vehicle; tackle smuggling and illegal cross-border trafficking of goods; implement laws on taxation applied to imported and exported goods; release statistics on imported and exported goods in conformity with this Law and other corresponding laws; propose policies and administrative measures for customs applicable to import, export, exit, entry and transit operation and tax policies applicable to imported and exported goods.

b) Tasks and entitlements of customs officials

According to Article 19 of Law on Customs (2014), tasks and entitlements of customs officials are:

* 1. Strictly adhere to laws and customs operation processes and take responsibility for the performance of their tasks and exercise of their entitlements.
  2. Instruct customs declarants and related entities on request.
  3. Conduct customs inspection and supervision; supervise the packing, unpacking, transshipment, loading and unloading of cargoes at places where the customs formalities are made and places where the imported and exported goods are verified. In case of detecting violation against law on customs, request owners of goods or vehicle, commanders or vehicle operators or authorized persons to comply with their requests for the inspection goods and vehicle in accordance with this Law and the law on handling of administrative violations.
  4. Take samples of goods in the presence of customs declarants in order for customs authorities to analyze or request an assessment of such goods.
  5. Request customs declarants to provide information and documentary evidence related to their goods in order to ensure accuracy of HS codes, origin and customs value of goods.
  6. Request vehicle commanders or operators to drive in proper routes, on schedule, and stop at proper places.
  7. Other tasks and entitlements as prescribed in law.

## 1.4. General process and related documents of FCL sea freight forwarding service for importing

### 1.4.1. General process of FCL sea freight forwarding service for importing

The import freight forwarding process is the process through which the freight forwarder handles booking, customs procedures and delivers goods at the customer's request. Overall, this process consists of nine steps described in detail below.

**Step 1: Negotiate and sign contracts**

Staff will look for customers who have a need to import products from overseas. The staff will communicate with the customer via phone or email to gather information about the shipment and the customer's requirements. Based on this information, the staff will provide a preliminary quotation. After the two parties agree on services, prices, terms and contract of transportation, they will sign a service contract. Throughout the negotiation and signing of contracts process, the staff will maintain close communication with the customer to ensure that their needs are being met and satisfy customers.

**Step 2: Receive and check documents**

The staff will receive a set of documents including: sales contract, packing list, commercial invoice, bill of lading and other information such as estimated time of arrival, vessel name, etc. In addition to checking the accuracy and completeness of the documents, the staff also need to verify the authenticity of the documents received. They need to ensure that the documents are original and not fraudulent, as there may be cases where clients attempt to submit fake documents to evade taxes or duty fees. In case there are any missing or incomplete documents, staff members need to promptly inform the client and request that they provide the required information to avoid any delays or additional costs during the customs clearance process.

**Step 3: Receive arrival notice and request D/O (**delivery of order)

At least 1 day before the shipment arrives, the staff will receive a notice of arrival. In order to get delivery of order, the staff will send all the paperwork and the customer's letter of recommendation to the shipping line.

For FCL goods, depending on the requirements of each shipping company, the forwarder needs to make a document to borrow and deposit the container. In addition, the shipping line will provide a copy of the D/O for the employee to sign, which is retained and kept by the shipping line. The D/O will assist them in verifying that the D/O transfer is finished if something goes wrong. Also, employees must check the information on the B/L and D/O, and if any difference is identified, it must be reported immediately.

**Step 4: Electronic custom declarations**

Electronic customs declaration is an essential step in the import process. It involves using the electronic customs declaration software "ECUS5 - VNACCS" to transmit the declaration to the customs department. Before this step can be completed, the staff needs to prepare all the necessary documents, including the contract, commercial invoice, packing list, bill of lading, certificate of origin (if any), import license and any other documents that may be required. It is essential to ensure that the information provided in the customs declaration is accurate and complete, as this can impact the classification of the goods, taxes, fees and regulations associated with the goods.

**Step 5: Receive results and pay taxes**

After the electronic customs declaration is submitted, the next step is to wait for the channelling results. The channelling process is an important part of customs clearance, as it helps to determine the level of scrutiny that the goods will be subjected to by customs officials.

There are three types of channelling results that can be obtained: green, yellow, and red. If the channelling result is green, it means that the electronic customs declaration has been successfully processed and the goods can proceed to the next step in the customs clearance process. However, if the channelling result is yellow, it means that there are some discrepancies or errors in the declaration that need to be rectified. In this case, the importer or their agent must revise the declaration and resubmit it for processing. If the channelling result is red, it means that the goods will be subject to a physical inspection by customs officials. In this case, the goods will be examined to ensure that they conform to the description provided in the customs declaration and comply with all applicable regulations and standards.

Once the channelling process is completed, the customs officials will calculate the taxes and fees associated with the goods, including import duties, value-added tax (VAT) and other charges. The importer or their agent will then need to pay these taxes and fees before the goods can be released for further processing.

**Step 6: Liquidate the declaration and make an order to load container**

Once the customs declaration has been successfully processed and taxes have been paid, the next step is to liquidate the declaration. During this step, the operation staff will settle any charges related to the liquidation of the declaration, such as customs fees and charges for port workers.

After all fees have been paid, the customs office will examine and process the application for liquidation of the declaration. If everything is in order and all documents and procedures have been completed completely and accurately, the declaration will be liquidated and the enterprise will be refunded any fees paid previously.

Once the declaration has been liquidated, the forwarder will then make an order to load the container out of the port. This is done through the ePort (electronic Port) system of the port, which allows for efficient and streamlined communication between the port and the forwarder. The order will specify the details of the shipment, including the container number, weight, and destination, as well as any special instructions or requirements for the handling of the goods.

**Step 7: Delivery to the warehouse**

Once the container has been loaded and cleared for transport, the driver will take the necessary steps to deliver the cargo to the client's warehouse. This typically involves presenting the required documents to the relevant authorities. These documents may include the bill of lading, the commercial invoice, and other relevant shipping documents.

Then, the driver transports the container to the designated warehouse or delivery location. To ensure the safe and timely delivery of the cargo, the driver must closely monitor the cargo's condition throughout the entire journey.

**Step 8: Return of empty container and receive deposit**

After the goods are delivered to the client's warehouse, the driver will then proceed to the designated port yard to return the empty container. The process of returning the container deposit may vary depending on the shipping company and the terms of the contract. Typically, the deposit is returned through a bank transfer or in cash.

In some cases, the shipping company may deduct a portion of the deposit for any damages or missing items from the container. Therefore, it is essential to inspect the container thoroughly before returning it to the port and ensure that it is in the same condition as when it was received.

**Step 9: Keeping records and documents**

Keeping records and documents up-to-date and accurate can help to avoid any discrepancies or errors that may arise during the delivery process. In case of any disputes or issues, having proper records can help to resolve them more quickly and effectively. Moreover, keeping records can be helpful for tax and accounting purposes, as they can be used for tax reporting, audits, and other regulatory requirements.

### 1.4.2. Related documents used in this process

There are several key documents required for importing goods by sea:

**Bill of Lading:** a document issued by the carrier or their agent that serves as a contract of carriage between the shipper and the carrier. It contains information such as the name of the shipper and consignee, the ports of loading and discharge, the description of the goods, and the terms of the shipment.

**Commercial Invoice:** a document that provides a detailed description of the goods being shipped, including their value, quantity, and any applicable taxes or duties.

**Packing List:** a document that lists the contents of each package or container being shipped, including the quantity, weight, and dimensions of each item.

**Certificate of Origin:** a document that certifies the origin of the goods being shipped. It may be required by customs authorities to determine any applicable tariffs or preferential trade agreements.

**Customs Declaration:** a document that provides information about the goods being shipped, including their origin, destination, and value. Customs officials use it to calculate any relevant taxes or duties. A document that provides information about the goods being shipped, including their origin, destination, and value. Customs officials use it to calculate any relevant taxes or duties.

**Delivery Order (D/O):** a document issued by the shipping line instructing the port operator to turn over the cargo to to the recipient.

**Equipment Interchange Receipt (EIR):** a document issued by a carrier to the cargo owner, used in container shipping to track the movement of containers between different parties, such as shipping lines, freight forwarders, and container depots. EIR records the container number, the code of the vessel/voyage, the stacking position and the condition of the container (distorted, punctured or normal).

**Arrival Notice (A/N):** a crucial document that is sent to the consignee as the date of arrival of the shipment nears. A/N serves as a formal notification of the impending arrival of the shipment and contains important information such as the expected arrival date and time, the vessel name, and the port of arrival. This document is critical because it allows the consignee to make the necessary preparations to receive the shipment and helps to ensure that the delivery process runs smoothly.

These documents are essential for guaranteeing the efficient transportation of goods by sea and for complying with legal requirements.

# Reference

Gronröos, C. (1990). *Service Management and Marketing: Managing the Moment of Truth in Service Competition.* Lexington Books.

Y Tseng, W. Y. (2005). The role of transportation in logistics chain. *The Eastern Asia Society for Transportation Studies*, 1657-1672.

Grant, D. B. (2005). The transaction-relationship dichotomy in logistics and supply chain management. *Supply Chain Forum: An International Journal*, 38-48.

Omid. (2014). Factors associated with internal service quality from the perspective of staff in Golestan’ sports and youth offices. *European Journal of Experimental Biology 4*, 347-350.

Ahmed I, R. R. (2011). Examining the links between employee and customer variables of service profit chain: A case of Pakistani banks. *Australian Journal of Basic and Applied Sciences 5*, 1634-1645.

Latif K, B. Q. (2016). Role of internal service quality (ISQ) in the linkage between perceived organizational support and organizational performance. *City University Research Journal*, 1-22.

Yang, Y. H. (2010). An Analytic Network Process Approach to the Selection of Logistics Service Providers for Air Cargo. *Journal of the Operational Research Society*, 1365-1376.

J.T. Mentzer, R. G. (1989). Physical distribution service: a fundamental marketing concept. *Journal of the Academy of Marketing Science*, 53-62.

Grönross, C. (1984). A service quality model and its marketing implications. *European Journal of Marketing*, 36-44.

Davis-Sramek, B. D. (2009). Creating commitment and loyalty behavior among retailers: what are the roles of service quality and satisfaction? *Journal of the Academy of Marketing Science*, 440-454.

Davis, E. (2006). The role of logistics service quality in creating customer loyalty. *PhD dissertation, University of Tennessee*.

Kueng, P. (2000). Process performance measurement system: a tool to support process-based organizations. *Total quality management*, 67-85.

Brand N, K. H. (1995). Workflow analysis and design. *Deventer: Kluwer Bedrijfswetenschappen*.

Dumas M, L. R. (2013). Fundamentals of business process management. *Springer*.

Jansen-Vullers MH, K. P. (2008). Quantifying the Performance of Workflows . *Information Systems Management*.

E. Babakus, G. B. (1992). An empirical assessment of the SERVQUAL scale. *Journal of Business Research*, 253–268.

A. Parasuraman, V. Z. (1985). A conceptual model of service quality and implications for future research. *Journal of Marketing Research*, 41-50.

Mentzer, J. T. (1999). Developing a logistics service quality scale. *Journal of Business Logistics*, 9-32.

Mentzer, J. T. (2001). Logistics service quality as a segment-customized process. *Journal of Marketing*, 82-104.

Donabedian, A. (1980). The Definition of Quality and Approaches to its Assessment. *Health Administration Press*.

Gogoll, A. (1996). *Untersuchung der Einsatzmo ̈glichkeiten industrieller Qualita ̈tstechniken im Dienstleistungsbereich.* Berlin: IPK.

Engelke, M. (1997). *Qualita ̈t logistischer Dienstleistungen: Operationalisierung von Qualita ̈tsmerkmalen.* Berlin: Qualita ̈tsmanagement, Umweltgerechtigkeit.