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A study on effectiveness of custom house agents dealing with customers with reference to Logistics Company

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Abstract

Custom house agents are integral to the logistics industry, facilitating international trade by managing complex customs processes for clients. This study assesses their effectiveness in customer interactions, focusing on satisfaction, efficiency, and communication. Employing a mixed-methods approach, qualitative interviews with agents and quantitative surveys with clients provide insights into challenges, strategies, and best practices. Preliminary findings emphasize the importance of communication, transparency, and expertise in shaping customer perceptions. Clients value responsiveness, accuracy, and proactive problem-solving, with technological advancements playing a key role in enhancing efficiency. This research aims to deepen understanding of agent-client dynamics, offering actionable insights to improve customer satisfaction and operational effectiveness for logistics companies and custom house agents. By investigating the effectiveness of custom house agents in customer interactions, this study sheds light on critical factors influencing service quality within the logistics industry. Through qualitative analysis of agent interviews and quantitative surveys of client satisfaction, it reveals the significance of communication, transparency, and expertise. Clients prioritize responsiveness, accuracy, and proactive problem-solving from agents, with technological advancements aiding efficiency. This research aims to inform strategies for enhancing customer satisfaction and operational efficiency, empowering logistics companies and custom house agents to maintain competitiveness in the global marketplace.

Keywords: Custom house agents, logistics industry, international trade, technological advancements, service quality, agent-client dynamics, operational effectiveness, competitiveness, global marketplace

Introduction

In the global arena of trade and commerce, the seamless movement of goods across borders is crucial for the success of businesses. Custom house agents (CHAs) play a pivotal role in facilitating this process, acting as intermediaries between businesses and customs authorities to ensure the smooth clearance of goods through complex regulatory procedures. This study aims to examine the effectiveness of CHAs in their interactions with customers within the logistics sector. By scrutinizing various aspects of CHA performance, including communication, efficiency, and customer satisfaction, this research seeks to provide valuable insights into the dynamics of CHA-customer relationships. Moreover, the study will investigate the strategies, challenges, and best practices adopted by CHAs throughout the logistics process. Given the intricate nature of customs procedures and regulations, businesses face significant hurdles in international trade. CHAs help navigate these challenges by utilizing their expertise and knowledge to ensure compliance and expedite the clearance process. Understanding the factors influencing CHA effectiveness and customer satisfaction is crucial for optimizing the efficiency of the logistics chain. Through qualitative interviews and quantitative surveys, this research aims to illuminate the complexities of CHA-customer interactions and offer actionable recommendations for enhancing CHA effectiveness and customer satisfaction. Addressing these issues can lead to streamlined logistics operations, reduced delays, and increased competitiveness in the global marketplace.

Review of literature

E Balaji, P Sudha, V Pradeep (2023) ^[1] The program aims to provide students with practical applications for their academic studies, offering insights into the workings of the business world and opportunities to gain experience across various business administration fields. Internship experiences involved utilizing diverse techniques, including exposure to customs procedures, which are often intricate and stressful. Recognizing the complexity of customs and consignment processes, the research endeavors to set standards and guidelines for customs house agents, emphasizing the importance of relevant experience and academic qualifications. Expanding into higher-value international markets is encouraged, given that any business activity involving multiple countries falls under the realm of international business, a domain crucial for both public and private sectors. With a significant portion of global GDP attributed to international trade, understanding key issues in global commerce is essential for effective management, especially as liberalization and globalization drive further growth in international trade, thereby increasing demand for clearing and forwarding agencies to facilitate the expanding foreign trade landscape.

SK Gupta, S Ilinich, V Noah (2023) ^[2] Customs clearance serves as a vital prerequisite for international imports or exports, ensuring that shipments undergo necessary procedures and duties are duly paid. This article aims to investigate customs clearance operations in Chennai, focusing on the challenges encountered, process flows, and requisite documentation. Employing a descriptive research design, the study involves a sample size of 100, utilizing questionnaires as the primary research instrument after pilot testing. Analysis methods include tabulation, comparative percentages, bar diagrams, and Chi-square tests. Common customs-related issues identified encompass misclassification, unexpected duty charges, refusal of clearance by customs, health and safety concerns, labeling discrepancies, inadequate exporter documentation, and adherence to import regulations. The article sheds light on the complexities of customs clearance, emphasizing the importance of thorough understanding and compliance with customs procedures in international trade.

C Muthuvelatutham (2013) ^[3] Foreign trade is a cornerstone of national economic prosperity, with governments worldwide continually devising and revising plans and policies to bolster trade activities. However, exporting and importing cargoes entail significant risks and challenges. In India, both shippers and buyers encounter obstacles, with efficient customs documentation and clearance emerging as a major concern. Given the periodic changes in government policies and duty structures, expertise in documentation is paramount. Clearing agents and licensed entities play a crucial role in ensuring meticulous documentation and smooth clearance processes on behalf of shippers and buyers. This paper examines the intricate procedures of customs documentation and clearance for both exports and imports, underscoring the indispensable contribution of customs house agents (CHAs) in expediting documentation procedures. Additionally, it discusses technological advancements that have revolutionized documentation practices in recent years. While the paper provides a comprehensive overview, it acknowledges the need for further exploration into the nature and analysis of documents, as well as the implications of various types of

bills in commercial trade. Despite being a general review, this study fills a gap in the literature, drawing on relevant sources and secondary information to stimulate further research in this area.

W Phaenphong (2013) ^[4] Customs clearance, a crucial aspect of supply chain management services, involves dealing with cargo at ports or airports, including customs declaration, inspection, tax payment, and cargo handling. Many logistics service providers, like AAA Company, are expanding their services to include customs clearance internally to offer comprehensive solutions. However, faced with challenges in providing effective services amidst fluctuating market demands and resource limitations, AAA Company seeks to compare the advantages and disadvantages of internal operation (Make Strategy) versus outsourcing to third-party logistics (3PL) providers (Buy Strategy). Three criteria-on-time delivery, error rates, and costs-are evaluated to determine the most suitable strategy. This study aims to assist AAA Company in making informed decisions to optimize their customs clearance services.

A Gunasekaran, EWT Ngai (2005) ^[5] The build-to-order supply chain management (BOSC) strategy has garnered significant attention from both scholars and practitioners, owing to its successful application in various companies such as Dell computers, Compaq, and BMW. Despite its recognition as a pivotal strategy for enhancing organizational competitiveness, there's a noticeable gap in comprehensive literature reviews on BOSC. This research aims to address this gap by (i) Reviewing BOSC concepts, (ii) Establishing clear definitions, (iii) Categorizing existing literature to glean insights and propose future research directions, (iv) Evaluating selected articles for their contributions to BOSC development and operations, (v) constructing a framework for BOSC, and (vi) suggesting avenues for future research. The review highlights areas needing attention, including design and control, implementation challenges, human resource considerations, product commonality, supplier partnerships, and logistics cost optimization. The paper concludes by summarizing key findings and proposing areas for further exploration in the field of BOSC.

Objectives

- To study the effectiveness of custom house agents dealing with customers.
- To analyze the contributions of Custom House Agents in ICDs.
- To analyze the problems before and after implementing IT in custom house agents.

Research methodology

Type of Research: Descriptive Research.

Sampling technique: Simple Random Sampling.

Data collection: Primary Data and Secondary Data.

Area of the Study: Tirupur.

Sample size: 75.

Statistics Tools: Simple frequency analysis, chi-square and ranking.

Scope of the study

- The study investigates the effectiveness of custom house agents (CHAs) in their customer interactions

- within a logistics company, focusing on communication, efficiency, and customer satisfaction.
- It analyzes CHA strategies, challenges, and best practices throughout the logistics process, exploring their role in navigating customs procedures and enhancing overall customer experience.
 - Utilizing qualitative interviews and quantitative

surveys, the research aims to understand CHA-customer dynamics and propose recommendations for enhancing CHA effectiveness and customer satisfaction in the logistics industry.

Analysis and Interpretation
Simple frequency

Table 1: Show Particular, No of Respondents and Percentage

SI No	Particular	No of Respondents	Percentage
Age of the respondents			
1	Below 25 years	21	28.0
2	25-35 years	24	32.0
3	35-45 years	18	24.0
4	45 years above	12	16.0
Designation of the respondents			
5	Company Staff	9	12
6	Manger	37	49
7	Self-Employee	16	21
8	Others	13	17
Experience of the respondents			
9	Below 5 years	15	20
10	5-10 years	12	16
11	11-15 years	27	36
12	Above 15 years	21	28

Interpretation

In terms of age, the majority of respondents fall within the 25-35 years bracket, comprising 32% of the total, followed by those below 25 years at 28%. For designation, managers constitute the largest proportion at 49%, followed by self-employed individuals at 21%. Company staff represent 12%

of respondents, while 17% are categorized as "Others". Regarding experience, respondents with 11-15 years of experience make up the highest percentage at 36%, followed by those with above 15 years of experience at 28%. Respondents with below 5 years of experience and 5-10 years of experience account for 20% and 16%, respectively.

Weighted average for satisfaction level on various process of cha

Table 2: Show Weighted average

Weight age	Weighted average					Total/weighted average	Rank
	5	4	3	2	1		
Freight forwarding services	6	26	16	27	0	75	II
	30	104	48	54	0	3.14	
Transport charges	27	2	8	16	22	75	III
	135	8	24	32	22	2.94	
Port usage	2	12	32	20	9	75	V
	10	48	96	40	9	2.7	
Custom duties and fees	8	20	20	15	12	75	IV
	40	80	60	30	12	2.95	
Export license	31	12	28	4	0	75	I
	155	48	84	8	0	3.93	
Insurance premium	4	0	30	10	31	75	VII
	20	0	90	20	31	1.90	
Custom brokerage services	3	2	15	25	30	75	VI
	15	8	45	50	30	1.97	

Interpretation

From the Table we infer that export license accounts first with weighted average with 3.93, freight forwarding accounts second with weighted average with 3.14, transport charges accounts third with weighted average 2.94, custom duties accounts fourth with weighted average 2.94, port usage accounts fifth with weighted average 2.7, custom brokerage services accounts sixth with weighted average 1.97, and insurance premium accounts seventh with weighted average 1.90.

Chi square

Hypothesis

H₀ = There is no significant difference between age of the respondents and respondents opinion about any money received from the client or from the government should be promptly and fully accounted to the client

H₁ = There is significant difference between age of the respondents and respondents opinion about any money received from the client or from the government should be promptly and fully accounted to the client

Chi square the significant difference between age of the respondents and respondents opinion about any money received from the client or from the government should be promptly and fully accounted to the client

Table 3: Show chi square analysis

Chi square analysis	Value	DF	Asymp. Sig. (2-sided)
Pearson chi-square	21.031	12	.000
Likelihood ratio	20.138	12	.000
Linear-by-linear association	7.528	1	.000
N of valid cases	75		

Interpretation

Since, the calculated value is 20.138 which is less than 21.031 at 12 degrees of freedom and 5% level of significance, we accept the null hypothesis. Hence we infer that there is no significant difference between age of the respondents and respondent's opinion about any money received from the client or from the government should be promptly and fully accounted to the client.

Findings of the study

- Most (32%) of the respondents are of age group 25-35 years.
- Most (49%) of the respondents are company staff.
- Most (36%) of the respondents are having experience of 11-15year.
- Export license accounts first with weighted average with 3.93.
- There is no significant difference between age of the respondents and respondent's opinion about any money received from the client or from the government should be promptly and fully accounted to the client.

Suggestions of the study

- Transitioning from rigid pricing to a system incorporating both price floors and ceilings could serve as an interim measure until full liberalization of prices becomes feasible.
- Additionally, offering special incentives, such as price discounts, to various stakeholders involved in container handling, including terminal operators and service providers, could promote container utilization and enhance revenues for both the government and service providers.
- Urgent attention to upgrading port infrastructure is essential for maintaining competitiveness, alongside careful consideration of issues surrounding privatization to ensure positive outcomes and prevent excessive market concentration by private firms, safeguarding the benefits of government reforms.

Conclusion

Customs agents, also known as carrying and forwarding agents, serve as integral facilitators in the customs clearance process. Their responsibilities encompass preparing shipping bills, obtaining essential documents from clients, and accurately classifying cargo. Registered and licensed by customs authorities, these agents act as third-party representatives for clients. Leveraging Electronic Data Interchange (EDI) systems and documentation software, they streamline operations and ensure efficient coordination with channel partners. Overall, their pivotal role ensures the

smooth execution of customs clearance procedures, contributing to seamless international trade facilitation.

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