

# Study on the Integrity Problems and Countermeasures of Chinese Logistics Enterprises

Wei Jin<sup>1</sup>, Hui Hua<sup>2</sup>, Huiyan Feng<sup>3</sup>, Hong Zhang<sup>3</sup>

<sup>1</sup>*Scientific Research Department, Beijing Wuzi University, Beijing, China*

<sup>2</sup>*School of Business, Beijing Wuzi University, Beijing, China*

<sup>3</sup>*School of Information, Beijing Wuzi University, Beijing, China*

**Abstract:** logistics enterprises as a young subject, in the service industry is increasingly becoming an important part of social public life, the pros and cons of its operation directly related to the quality of public life experience. In recent years, however, the phenomenon of logistics enterprise honesty, all kinds of non-performing, half of the performance, complete phenomena often occur. In order to improve the credit system construction of logistics enterprises in our country, this article embarks from the problem the integrity of logistics enterprises in our country, analyses the main cause of our country logistics enterprises integrity problem, and then this paper expounds the relevant countermeasures to improve the integrity of logistics enterprises, to provide some help to the development of the logistics enterprises of our country.

**Keywords** logistics enterprises; integrity problem; supervision system

## INTRODUCTION

Since the Third Plenary Session of eighteen, Market in the allocation of resources and decisive role, further development of market economy in our country, the good faith for the society, the enterprise more and more attention. Market economy is legal economy, credit economy, is also the good faith, credit system is the fundamental guarantee for the smooth operation of the good market economy. As China's economic development has entered a "new normal", the traditional industry has been more and more challenges, new things get more and more recognized by the public and acceptance, and related problems are constantly emerging, the enterprise credit management issues are once again pushed to the in the teeth of the storm.

On November 25, 2014, the national development and reform commission, the ministry of communications, ministry of commerce, national railways, civil aviation administration of China, national post office and the national standard committee of seven ministries jointly issued "on the logistics industry in our country's credit system construction guidance". Concerned personage thinks, logistics enterprise faithless phenomena and the negative influence is not outstanding than other industries, such as the boss "run road", the phenomenon such as capital chain rupture more appear in the manufacturing industry, the logistics industry is mainly due to the good faith crisis led to the transaction costs increase, the policy of "guidance" is state for reduce logistics cost. While some people argue that the logistics industry as labor-intensive industry, personnel diathesis is differ, the

average cultural level is relatively low, plus the operating characteristics of the industry itself, the probability of integrity problem is relatively high. Anyway, the policy of "guidance" once again aroused the concern of the whole industry to integrity problem. Despite the faithless phenomena appeared in the logistics industry, not just in the seven ministries jointly issued by the "guidance", once again look at, the integrity of logistics enterprises is discussed, and summarize and reflect on the problems of the logistics integrity increasingly appear necessary.

With the development of our country electronic commerce by leaps and bounds, People's Daily life in dependence on electricity is getting heavier and heavier, as one of the four elements of e-commerce logistics will inevitably become the focus of attention, logistics companies connected to producers and consumers, its service quality directly affects the consumer experience, especially in the electricity business environment, consumer satisfaction and directly decides the business enterprise, and even the survival of enterprises. In recent years, logistics integrity problems become one of the important factors affecting the quality of logistics service, if you can well solve the problem of logistics integrity, can bring logistics enterprises and electricity enterprises will further development, which is the important meaning of this study.

## INTEGRITY PROBLEMS OF THE LOGISTICS ENTERPRISES OF CHINA

According to the law of the People's Republic of China national standard logistics term, the definition

of logistics enterprise is to point to the economic organizations engaged in logistics activities, at least in transport (including transport agents, cargo delivery) or a business warehouse, and logistics according to the customer demand for transportation, storage, handling, packaging, circulation processing, distribution and other basic function of organization and management, have adapted to their business information management system, implementation of independent accounting, independent economic organizations shall bear civil liability.

Main credit problems of the logistics enterprises in our country are following:

1) The goods of fraud, the shipper deliver the cargo to the logistics company, formally, lost control of the goods, this leads to some useful logistics enterprises cynical, performs the valuation to the shipper checked precious without goods, malicious occupation; Also some logistics company even deliberate fraud, misappropriation of client's goods.

2) Tie up and swept away, because of the needs of economic development, many logistics enterprises to carry out the cod business, to provide customers with more considerate service. Standardize operation some logistics enterprises often do not tie up payment for goods is common, which makes the shipping enterprise is easy to produce illegal appropriation of payment behavior, many logistics enterprises in the capital under the condition of stress, often will be collecting payment for enterprise management, and unable to pay due to long-term accumulation of client money or run, freight companies are prone to get with it.

3) Low freight, wanton rises in price, in the business, some logistics enterprises in order to attract customers, often in the form of low prices even lower than the cost price way to lure the owner, in order, and then shipped to the on the way, the goods to jilt goods threat, or shipped to the destination to buckle goods coerce, find out all sorts of reason to raise prices, the owner was forced to helpless, often had to promise to logistics company cockiness.

4) The service consciousness, service quality is poor, some logistics enterprise service consciousness is weak, running when a lack of sense of responsibility, don't pay attention to honesty, service quality is poor. Such as the so-called capsule "in the case of shipping companies, shipping companies will be around 20% of the excess goods" jilt ark ", refused to predetermined customer service.

5) Illegal leak customer business information, in the process of cooperation with each other, logistics providers often can clearly grasp the customer information and commercial secrets within the enterprise operations. Some logistics enterprises due to various reasons, such as lack of effective management or the lure of some larger interests, will be the master of customer enterprise information leakage or sell it to other related interest subjects.

In 2014, according to the information published by the state post office, it had dealt with 235000 express

business effective complaints, up 19.7% from a year earlier. Express delivery service problems, express 2014 loss, damage, and Posting service shortage problem of effective complaint number larger year-on-year growth, express mail delay year-on-year decline in the number of valid complaints. Overall, nearly four years China's express delivery industry complaints problems in a sharp increase in details as shown in table 1 and figure 1, shows that the integrity of the express industry in China has failed to get very good solve.

#### **THE REASONS OF THE EXISTENCE OF OUR LOGISTICS ENTERPRISES INTEGRITY PROBLEM**

Logistics enterprises in our country lack of good faith phenomenon exists generally, investigate its reason, the cause of our logistics enterprises credit anomie mainly include the following:

##### **Supervision System Is Not Sound, Rewards and Punishment Mechanism Is Imperfect**

The regulation of our country law of honest and trustworthy is very difficult to cover all the dishonest ACTS, and not enough clear, the level is low, difficult to integrity behavior of the enterprise to conduct a comprehensive planning and adjustment, can also be difficult to provide effective legal support and protection. Legal supervision system is not sound, a large number of dishonest ACTS often get punished accordingly, and paper often getting away, can't reasonable economic compensation in place of promise keepers. Faithless behavior is not punishment, the flames of paper suppress not bottom go to hit the confidence of promise keepers, further stimulated the social integrity issues.

##### **The Logistics Industry Access Threshold Is Low, Inadequate Investment in Basic Condition**

Because of the logistics industry access threshold is low and the profit opportunities, modern logistics industry has become a hot industry in recent years, with the development of electronic commerce; logistics market has been widespread concern. In reality, part of the enterprise strength, facilities, and equipment conditions are very limited, have also added to the logistics industry. According to the Chinese electronic commerce research center monitoring data show that, at present our country express logistics enterprises have more than 8000, in addition to the "four up", SF and other large enterprises, small and medium enterprises express the rest for. In the face of increasingly fierce market competition, so to take non normal means to get orders from customers, but in the end because of lack of investment, the basic conditions of service ability limit cannot complete the terms of the contract and not the normal performance, and promises to customers, the integrity of the logistics industry is becoming more and more serious.

### The Logistics Enterprise Management, Management System Is Not Complete

Part of the logistics enterprise management level is low, the management system is not sound, as a result of the operation of employees the circumstances of the trust of customers of the enterprise are common: losing customers such as goods; Should have been sent to the goods were shipped to the B; Because of the carelessness of the Courier to send out the goods, delay in delivery time, the owner cannot receive the goods on time. Some of the goods due to improper safekeeping of the delivery man goods are not normal damage, and so on. The entire logistics enterprise honesty problem, including its own mismanagement, imperfect management system is the main internal cause.

### Logistics Enterprise Informatization Level Is Not High

Modern logistics management requires logistics enterprises have strong information processing capability, but the majority of small and medium-sized logistics enterprises in our country's modern information technology are not advanced enough, the

logistics enterprise information construction of our country is still in its infancy, the full implementation of the informationization of logistics enterprises is limited. 2013 bar code and electronic tag information technology application in the logistics business, such as improved, and the utility ratio of electronic documents is decreased, the specific situation as shown in figure 2, the data show that information technology such as bar code and electronic tag must be attention in the application of the logistics enterprises, but the level of informationization level to be further improved. Information technology application level is not high has become an important factor restricting the development of logistics enterprises in our country, and it directly affects the integrity level of the logistics enterprises, in the supply chain management system, enterprises and the information communication between the upstream and downstream, circulation and lead to more high circulation cost, logistics enterprise service level is difficult to improve, the logistics process of regulation is not comprehensive enough.

Table 1 Comparison Table Express Business Effective Complaint Problem

Item	Delivery Service	The Delay	Loss of Shortage	Damaged	Posting Service	Inflating Charges	COD	Other	A Combined
2014 (Number)	82188	82988	40679	15551	7969	1781	2075	1466	234697
Problems of Proportion%	35	35.4	17.3	6.6	3.4	0.8	0.9	0.6	100
2013 (Number)	57412	85164	30921	12562	5800	1691	2046	450	196046
Problems of Proportion%	29.3	43.4	15.8	6.4	3	0.9	1	0.2	100
2012 (Number)	37455	63138	21993	8273	3392	1213	1535	352	137351
Problems of Proportion%	27.3	46	16	6	2.5	0.9	1.1	0.3	100
2011 (Number)	9829	25704	8753	3779	0	638	684	78	49465
Problems of Proportion%	19.9	52	17.7	7.6	0	1.3	1.4	0.2	100

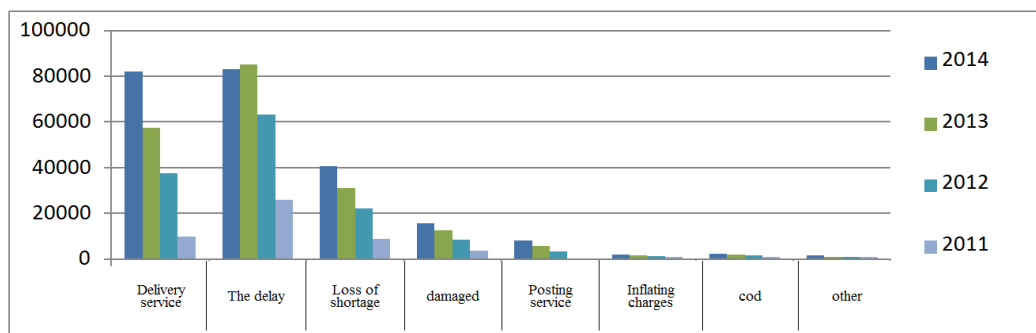


Figure 1. Comparison of effective problem of complaints courier services

### Logistics Enterprise Credit Evaluation System Is Not Perfect

At present, our country has not established a perfect logistics enterprise credit files, logistics enterprise credit management and credit evaluation

standard is differ, credit supervision does not reach the designated position, to the enterprise dishonest ACTS rewards and punishment, all of these logistics enterprises dishonest behavior that objectively provides a certain space.

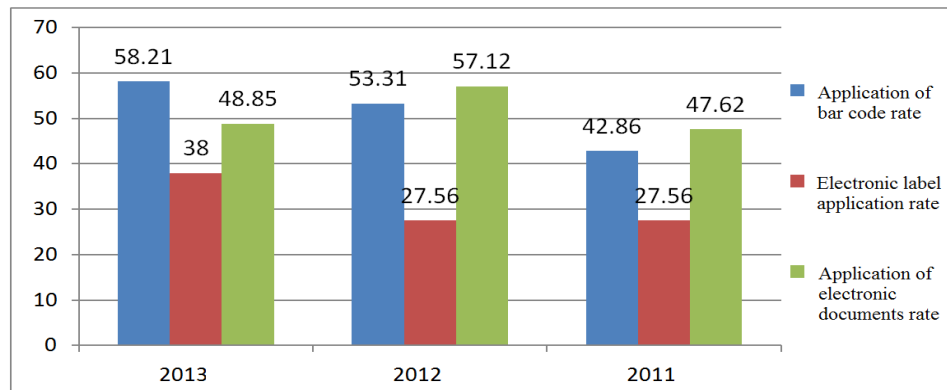


Figure 2. 2011-2013 years of China's logistics enterprises, electronic tags, electronic bar code documents application rate statistics

### THE COUNTERMEASURES TO IMPROVE LOGISTICS ENTERPRISE CREDIT PROBLEMS IN OUR COUNTRY

#### Perfects the Laws and Regulations, and Improves the Integrity of Regulatory System

Improve the legal system, using the law of national mandatory and the characteristics of general binding force, encourage the behavior of the honest and trustworthy, legitimate business, to combat the illegal behavior of logistics enterprises, for all logistics companies adhere to the principle of honest and trustworthy to give equal protection, for all contrary to good faith behavior to shall be investigated according to law, severely punished. Establish the government regulation, social supervision and enterprise self-discipline of the trinity of network supervision system, and further emphasizes the integrity of good social environment. The social public is a very large group, is also a beneficiary of logistics enterprise credit management, to strengthen the regulation of public consciousness, the social public supervision function into full play.

#### To Improve the Market Access System, to Eliminate the Loss of Integrity Subject

At present, China's logistics market access requirements are relatively low, the lack of system access system, the modern logistics market access legislation relatively lags behind, the existence of gaps in legislation, the logistics market access system is not reasonable, the lack of clear standards, logistics enterprises access system cannot adapt to the modern market economic system needs. Therefore, China needs to further improve the logistics legal system for market access, strengthen coordination and system of legislation, speed up the modern logistics market access legislation, and improve the comprehensive competitiveness of logistics enterprises. At the same time, but also to improve the regulatory philosophy of logistics market, the standard of market access in the clear, the integrity of the system of logistics market subject to strict requirements, do not hesitate to

eliminate the loss of integrity of the logistics enterprises.

#### To Strengthen the Construction of Good Faith Consciousness, to Build the Integrity of the Enterprise as the Core Enterprise Culture

Employees of enterprises, logistics enterprises should be good faith as an important part of corporate culture, so that the integrity of ideas takes root in the minds of employees, so that the integrity of management has become an integral part of enterprise management. Advocated by the management, and vigorously promote the legitimate business, honest hospitality, through regular training and education, and strive to build a fair, justice, honesty, singing the harmony atmosphere of corporate culture in the enterprise, enhance the sense of belonging and sense of honor, the staff of the enterprise. The concept of integrity of the building help logistics enterprise and its customers develop mutual trust and cooperation

#### To Develop and Improve the Logistics Insurance

Logistics insurance is the control and protection of the main parts of a pointer to the logistics activities in the course of operation risk; share the responsibility for logistics business risk. But the development of the logistics insurance in China under the current market environment is still not perfect, between the logistics industry and the insurance industry cooperation is not smooth. Between logistics companies and insurance companies need to continue to strengthen dialogue, build partnerships and exchanges, and actively promote the development of logistics market and insurance market.

#### The Logistics Enterprises to Improve their Own Strength and Service Capabilities

Logistics enterprises to continuously improve the overall strength improve their service capacity and service quality; continue to broaden the scope of their business and on this basis, in order to meet the needs of the increasingly fierce competition in the logistics market. Improve the basic facilities and equipment logistics enterprises, to learn the advanced logistics technology, logistics idea and the management system actively, improve the enterprise staff's professional skills. Learn the advanced management experience

and technology of foreign logistics enterprises, improve the competitiveness of the enterprise itself, in order to meet the different needs of customers, be able to bear the clients business.

### **Pay Attention to the Brand Construction of Logistics Enterprises**

Brand is a symbol of the existence of an enterprise, the brand is famous degree, and brand awareness is a way of understanding the logistics enterprise customers the most direct, the most important. For customers, logistics enterprise brand represents the integrity. To establish a good corporate brand needs, in good faith for the first, not the integrity of the enterprise, "brand" is out of the question. Good faith is a kind of investment, is a continuous process, not only the integrity of the investment put things right once and for all, to provide satisfactory service to be consistent from beginning to end, in order to create a good brand image of logistics enterprises. Logistics enterprises should take the good faith as the foundation, the characteristics of logistics services as the core, to cultivate customer credit awareness, in order to improve the market competitiveness of the logistics enterprises and economic benefits.

### **The Integrity of the Enterprise Logistics Alliance**

Modern market economy is the emphasis on the whole logistics, supply chain management, which requires the logistics enterprises to provide a full range of customer service, and logistics enterprises subject to resource constraints are often unable to meet the needs of the market, especially at present our country most of the logistics enterprises are small, weak ability, can provide logistics service, single function, so we need to continue to strengthen cooperation in logistics enterprises. Cooperation does not mean that the two sides in all quickly reached a consensus, however, in good faith cooperation, contradiction is encountered two enterprises would be more willing to seek consensus, a constructive solutions, provide some useful help to the good faith management of logistics enterprises.

### **CONCLUSION**

Integrity is the foundation of market economy, all kinds of logistics enterprises operating in a market economy, their prosperity cannot do without the construction of good faith, integrity is the core of modern commercial civilization, is an important strategic resource for sustainable development. China's logistics enterprises need to honesty, the logistics enterprises to better shape their own brand in the fierce competition, to develop the core advantage, at the same time, create a good atmosphere good, also has the important meaning to the healthy development of the logistics industry in china.

### **ACKNOWLEDGEMENTS**

This paper is supported by Current situation and Countermeasures of the logistics field integrity--- An Empirical Study Based on the survey of enterprises.

Which is the China logistics association and Chinese Federation of logistics and purchasing project (in 2014) (Project number: 2014CSLKT3-003).Project department: Scientific Research Department, Beijing Wuzi University. And it is also supported by Yunhe scholars program(00610303/007) of Beijing Wuzi University.

### **REFERENCES**

- Jingli Wang, 2012 "Study on the credibility of third party logistics enterprises in China", *Credit rating*, vol.5, pp 66-68.
- Kewei Fan, Amir Hossein Azadnia, Shahrooz Taheri, ect. 2013 "Order Batching in Warehouse by Minimizing Total Tardiness: A Hybrid Approach of Weighted Association Rule Mining and Genetic Algorithms", *The Scientific World Journal*, pp1-13.
- Ran Yu, 2012 "Discussion on the logistics enterprises of our country credit", *Management*, vol.2, pp 280-281.
- Li Zhang, 2013 "Research on credit evaluation system of transport logistics enterprises", *Zhengzhou University*.
- Wenli Luo, 2015 "Facing the crisis of honesty and credit", *Management*, vol.1, pp 36-38.
- Xia Zhao, 2012 "Research on the integrity of warehousing logistics enterprises evaluation based on entropy weight method", *Logistics technology*, vol.6, pp 83-85.
- Xuemei Yan, 2008 "Countermeasures of constructing logistics enterprise", *Chinese market*, vol.19, pp 64-65.
- Xueyong Jiang 2010 "The integrity of the planning of logistics enterprises", *Chinese trade*, vol.1, pp135.
- Yuanqiang Qian, 2013 "Research on the construction of credit system in the development of modern logistics", *Management*, vol.12, pp199.
- Zhangyi Xu, 2009 "The third party logistics enterprise logistics integrity construction", *Journal of Suzhou University of Science and Technology (SOCIAL SCIENCE EDITION)*, vol.4, pp10-13.
- Zhongsong Zhou, 2012 "Research on the construction and application of service quality evaluation model of logistics enterprise", *Jiangsu University*.