

## EXECUTIVE SUMMARY

# Analysis on Global Cooperation Level of Export Companies' Supply Chain and Logistics Policy Plan -Centering on Cooperation between Shippers and Logistics Companies-

## 1. Purpose

- ▶ The purpose of this study is to evaluate the level of global supply chain cooperation and supply chain support capabilities between export companies and logistics companies in Korea.
- ▶ It also intends to identify difficulties in global logistics for Korean export companies from the perspective of logistics customers, and to present a logistics support policy plan suitable for the characteristics by size of export companies.

## 2. Methodology and Feature

### 1) Methodology

- ▶ This study analyzed characteristics of global supply chain

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cooperation, policies and cases of supply chain cooperation support between shippers and logistics companies of major countries through literature review and in-depth interviews with experts.

- An industry-university-research institute-government workshop was held by forming the expert advisory group consisting of relevant persons from the logistics industry, related public organizations and government ministries.
- ▶ In addition, the study carried out an analysis on the level of supply chain cooperation between export companies which are Korea's shippers and logistics companies and a survey to figure out the difficulties of logistics and based on this, and came up with logistics policy direction and roadmap for the future.
- It also carried out the ANOVA (analysis of variance) to verify the statistical significance of differences in supply chain cooperation levels by company sizes and the factor analysis and regression analysis to analyze relationships between supply chain support capabilities and cooperation level factors.

## 2) Feature

- ▶ Rather than just identifying relationships between supply chain cooperation levels and companies' performance, this study intends to figure out the causes of differences in supply chain cooperation levels, factors for lowering supply chain competitiveness and success factors of cooperation.
- ▶ Moreover, the study is differentiated from other existing

researches in that it has drawn a logistics policy plan in order to identify the difficulties of global logistics from the perspective not of logistics companies but of shipper companies and improve competitiveness.

### 3. Results

#### 1) Summary

- ▶ (Supply chain cooperation level) It was shown that global supply chain cooperation level between shippers and logistics companies recognized by export companies was low.
  - Specifically, shippers did not see the need of mid- and long-term information sharing such as long-term demand predictions with logistics partners, inventory information and the information of joint logistics activities, and such situation was worse in small and mid-sized enterprises than in large companies.
- ▶ (Factors undermining cooperation) Main factors undermining supply chain cooperation include ‘the lack of professional personnel in SCM/logistics export’, ‘poor communication between shippers and logistics companies’ and ‘low government support level’.
- ▶ (Success factors of cooperation) In contrast, it was shown that ‘communication willingness’, ‘transparency of relationships’ and ‘interdependency’, etc. were factors to build the successful supply chain cooperation system.

- This suggested that smooth communication and reliable relationship between shippers and logistics companies should be built in advance in order to establish the successful cooperation system.
- ▶ (LSP support capabilities) While shipper companies considered that the level of global supply chain support capabilities of our LSP was low, logistics companies believe that the level of support capabilities for themselves was higher than average.
- Interestingly, the assessment of sectoral support capability levels recognized by shippers and logistics companies was consistent. In such assessment, the support capability level of transportation management was the highest, followed by other service, information system and storage service.
- ▶ (Difficulties) It was shown that the biggest difficulty in the logistics sector experienced by shipper companies when conducting business activities was high logistics costs and complicated customs clearance.

〈Table 1〉 Capability of Korean LSPs to support global supply chain (Summary)

Large classification	Shippers		Logistics companies	
	Average (7 point scale)	Rank	Average (7 point scale)	Rank
Total average	3.8	-	5.41	-
1. Information system	3.6	3	5.41	3
2. Transportation management	4.1	1	5.87	1
3. Storage service	3.4	4	4.82	4
4. Other services	4.0	2	5.55	2

Footnote: 7 point scale (1 point-extremely dissatisfied, 7 point - extremely satisfied)

Source: written by KMI

- ▶ (Policy demand) As a result of assessing the need of each support policy in the logistics sector for export shippers, there were differences in the degree of needs for the policy in accordance with company sizes.
  - Small and mid-sized enterprises showed the highest demand for ‘building the database of overseas business expansion’ and ‘continuously communicating the difficulties of logistics to local governments and requesting improvement’, etc.
  - However, midsize/large enterprises responded that they needed relatively more policies to ‘revitalize consulting for shippers and logistics companies to jointly enter the overseas market’ and ‘support matching between shippers and logistics companies’, etc.

## 2) Policy suggestions and relevant activities

- ▶ The goals and four implementation directions for global logistics policies suggested by this study are as follows;

Category	Major contents
Goal	<ul style="list-style-type: none"> <li>• Promoting a global logistics provider to boost Korean companies’ competitiveness in global supply chain and support capabilities as well as fostering strong small logistics companies customized by regions/sectors</li> </ul>
Four implementation direction	<ul style="list-style-type: none"> <li>• Establishing the foundation for trust between shippers and logistics companies</li> <li>• Strengthening logistics companies from logistics customers and global perspectives</li> <li>• Promoting and supporting customized differentiation strategies by large, medium and small sized companies</li> <li>• Advancing and expanding existing projects</li> </ul>

Data: Written by KMI

- ▶ (Implementation roadmap) This study established 6 implementation strategies in accordance with the 4 implementation directions along with a comprehensive roadmap per strategy and specific implementation task.
- Efforts of the Ministry of Oceans and Fisheries and the Ministry of Land, Infrastructure and Transport are necessary so that these results are reflected in the ‘National Logistics Mater Plan (2021~2030)’ which will be carried out in 2020.

〈Table 3〉 Summary of Implementation roadmap (Draft)

Implementation strategy	Detailed task	'20	'21	'22	'23	'24~
Building a comprehensive information portal on foreign logistics markets	① Trend information on domestic and foreign logistics investment and companies					
	② Building a DB on present status of foreign (major countries) logistics markets and promising projects					
	③ Building a DB on domestic/Korean companies (shippers, logistics companies) entering into foreign markets					
	④ Building a DB on success/failure cases of joint advancement into foreign markets and support policies					
	⑤ Information on cases of excellent companies with global supply chain capability					
	⑥ Building a DB on logistics and SCM professionals as well as a DB for overseas companies on demand					
	⑦ Building a DB on specialized strong small companies by logistics sectors /global regions					

Implementation strategy	Detailed task	'20	'21	'22	'23	'24~
Strengthening the role as a platform of supply chain and international logistics cooperation	① Organizing and operating a consultative body of international logistics related institutions					
	② Expanding the foundation for joint research projects based on industry /university/research institutes					
	③ Enhancing the function of the International Logistics Subcommittee					
	④ Strengthening the PR on success stories of shippers–logistics companies advancing into foreign markets					
	⑤ Expanding the operation of the International Logistics Investment CEO Forum (Inviting shippers)					
Strengthening educational programs for nurturing professionals in shipping, ports and logistics	① Developing programs in connection with overseas job opportunities and expanding the manpower					
	② Enhancing the education for international certification in international logistics and SCM					
	③ Developing a manual for SCM operation by sectors and expanding the education					
	④ Strengthening the capabilities customized to employees					
	⑤ Reinforcing global supply chain management by types of manufacturing and enhancing logistics education					
	⑥ Monitoring the careers of trainees and establishing a management system					

Implementation strategy	Detailed task	'20	'21	'22	'23	'24~
Strengthening the function of overseas market advancement projects and expanding support	① Establishing a matching system between shippers and logistics companies					
	② Building a matching system for consulting agencies in investigating local markets					
	③ Expanding support for the joint advancement of shippers and logistics companies					
	④ Preparing measures for implementing stable projects from feasibility study to settlement to local markets					
Promoting global companies and boosting the support for foreign investment on infrastructure	① Preparing the grounds for expanding the support for global supply chain and international logistics					
	② Preparing grounds for supporting the establishment of a joint logistics center					
	③ Providing grounds for reinstating international logistics investment fund					
	④ Providing grounds for supporting strong small companies by logistics sectors and by global regions					
Strengthening the support for the public sector to enter and invest to foreign markets	① Pushing forward a study on measures to vitalize the public sector's advancement into foreign markets (joint logistics center)					
	② Discovering international logistics investment projects under the alliance of private and public sector					
	③ Strengthening the support for a feasibility analysis on public participatory investment projects					

Data: Written by KMI

### 3) Expected benefits including policy contribution

- ▶ The goals and implementation strategies of logistics policies suggested in this study will be able to improve export companies' competitiveness of global supply chain, the cooperation level between shippers and logistics companies and logistics companies' capability to support the supply chain.
- ▶ In order to actively implement aforementioned strategies, it is necessary to firstly organize and operate a system for training professional workers, secondly, to establish a joint private-public cooperation channel relevant to supporting the supply chain, and thirdly to organize and operate a taskforce to amend the Framework Act on Logistics Policies.