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Improving Key Performance Indicators in Romanian Large Transport Companies

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Abstract

This paper presents the results of the utilization and analysis of the key performance indicators (KPI's) in large transport companies, applying the model of the specially developed client application for managing the performance in the transport company. Transportation is one of the most important and vital sectors of the Romanian economy. The technological advancement and the use of indicators and management principles improves the moving load, delivery speed, service quality, operation costs, the usage of facilities and energy saving; we develop indicators for this sector to identify its current state, and predict its future. Transportation takes a crucial part in the manipulation of logistics. Reviewing the current conditions, a strong system needs a clear use of indicators, proper transportation instruments and techniques to link the procedures. The objective of this paper is thus to define the role of indicators in transportation in reference to further improvement. The study was undertaken to identify the situation of freight transport companies from Romania, to find its problems and to discover new solutions for improving the utilization of the fleets, improving average daily trips and increasing the transport capacity.

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1. Introduction

The globalization of the world market and the rapidity of technical and technological developments have entirely changed the business environment, resulting in a great upheaval in the world of commerce. Nowadays, every business must be competitive worldwide to survive in the market. Competition knows no boundaries. In modern businesses, organizations are confronted with different demands from consumers, innovative technologies and the increasing pressure on cost and product development time (Željko et al., 2010).

Kozlak said that the process of globalization is accompanied by changes in transport networks, transport systems, organization structures of companies, systems of values and a reduced role of the state in the economy (Kozlak, 2008).

Kajal said that transportation, being an important service-providing sector, represents an important part of the Romanian economy. More significantly, transportation plays a vital role in facilitating economic activity between sectors and across regions. (Kajal et al., 2004).

During the last 20 years, companies aim not only for earnings but also profitability, and not just winning but retaining consumers as well. In order to do that, their own performance must be satisfactory, making the product or service available on the right place, right time, and right quantity for the right customer (Konsta and Plomaritou 2012).

New methods of logistic management in the field of transportation have been forced into play due to the economic improvement of the world as well as fast capital flow and information flow. Possessing one's own fleet of vehicles has thus become financially inefficient. Full maintenance costs of a transport system (i.e. the cost of vehicles, cost of work and amortization) were all deciding factors to delegate the transport structures beyond the organizational range of the enterprise. A significant number of enterprises have fully resigned from their "own" fleet of vehicles and decided to realize their services of transporting goods on the basis of the outsourcing. (Eglè, 2011).

The English Language Dictionary describes an indicator as "an instrument which gives you information". According to OECD/DAC, an indicator is: "A quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement, to reflect changes connected to an intervention, or to help assess the performance of a development actor" (DAC Glossary of Key Terms in Evaluation, May 2002)

A transportation indicator is a measure of change over time in the transportation system or in its social, economic, or environmental effects, amongst others. (National Research Council. 1997).

People working in the road freight transport sector take pride in their duty and go by the saying "If you have it, a truck probably brought it". With numerous players ranging from large companies to single unit family owned firms, all of them strive to understand and improve customer experience by using key performance indicators, such as indicators of use of fleet, indicators for the use of trip, and Indicators of use of transport capacity etc. The challenge posed in delivering Work Package 1 (WP1), was to understand this and link it to Key Performance Indicators (KPIs) for the measurement, comparison and marketability of a hybrid-on-demand truck-(semi)trailer configuration.

The aim of this paper is to examine the applicability and usefulness of performance indicators in Large Transport Companies. The paper brings the importance of KPIs closer to the reader and examines their definition, purpose and role in the transport market. The first part is devoted to overview transport market in Romanian literature review on KPIs. The second part is the methodology, where a date is taken across the tanker transport companies in Romania. The third part is the analysis of the date which showed that even though many Romanian tanker enterprises recognize the benefits of performance indicators, a small percentage of them use some types of KPIs. The final part is the conclusion.

2. Romanian Freight Transport Market

After joining the EU on January 1st 2007, the Romanian Freight transport market began a new development, considering that after joining the EU, the Romanian freight transport companies can drive all over EU countries having only EU License, so the market was liberalized and this led to a quick expansion of Romanian companies, considering the competitiveness which these companies have as well as the lower costs involved. Nowadays, however, that is not sufficient anymore. The concurrence between Romanian and Eastern European companies is very high in general. In conclusion, knowing the real situation of a company regarding key performance indicators and finding new solutions for improvement plays a key role in understanding freight transport performance.

Regarding the most recent data from Romanian Road Authority, there are 28040 transport companies registered

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