

# Factors Affecting the Efficiency of Logistics Management of Small and Medium Enterprises in Thailand: A Case Study of Logistics Service Providers

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## Abstract

This research aims to study the factors affecting the efficiency of logistics management of small and medium enterprises in Thailand, a case study of logistics service providers. The sample consisted of 846 logistics service providers. The instrument used for collecting data was a questionnaire. The statistical approaches including percentage, mean, standard deviation, and multiple regression analysis with Ordinary Least Square (OLS) method were purposively used for the hypothesis testing. The finding was concluded that quick response strategy, office information systems, retention relationship, transportation, establishing relationship and facilities site selection, warehousing and storage affects positively on efficiency of logistics management of small and medium enterprises in Thailand, a case study of logistics service providers. Therefore, logistics service providers or the government organization that supporting logistics industry could adopt the results of the study to apply and plan the strategy to support logistics service industry in which it could be the tools of developing the logistics entrepreneurs in Thailand, and it could help develop capability in competing in national and international markets.

**Keywords:** Logistics Management, Small and Medium Enterprises, Logistics Service Providers

## Introduction

Currently, the tendency of competition is intense because of globalization in which free trade area is expanding. This has pushed business section to elevate the capacity of running business in every way as much as possible. This includes business cost reduction and offering new value creation to customers. The shipping process management from supplier to customer along the supply chain or logistics is the important target which the entrepreneur could refer to and has advantage over the competition in business level and national level (Infrastructure Fund Office, 2007: 2)

Logistics management is an essential tactic to increase competition capacity. Effective logistics management will be the main factor that help the entrepreneur develop the competition range. When the entrepreneur applies logistics management to increase the competition ability, the products and services' costs will be lowered and be able to ship faster and more accurate. If the government sector and related organization including business section see the importance of logistics and cooperate for developing the logistics system, this will lead Thailand and Thai entrepreneurs to be able to compete in the world market (Effinity Co, Ltd., 2012: 180-181)

When Thailand becomes ASEAN Economic Community: AEC, it has targeted to be the same market and same product base; there will be the movement of products, services, funds, investments, and labors freely within ASEAN countries in which it means that 10 ASEAN countries will be united. It will become the big market with the population of 600 million people;

therefore, it is the great opportunity for Thailand to have wider market beside depending on USA and Europe markets. This will increase numbers and value of selling products and services of Thailand and will result in logistics activities, so this depends on Thai people efficiency to reach the market and to be well-prepared including taking advantage from AEC. (Effinity Co, Ltd., 2012: 188) When AEC fully establishes, the market will expand and be affecting logistics which will increase difficulties in running process and be in need of rapidity because of the area of market expanded. This needs well-preparedness in management and high ability (Effinity Co, Ltd., 2012: 190)

Because Thailand must open free trade in the field of logistics according to the agreement of ASEAN Economic Community, it aims at ASEAN entrepreneurs can access to fund and to hold 70% shares in logistics business unconditionally in which it will affect to 60-70% logistics providers in Thailand under the situation that they can't compete. Moreover, as the government supports the construction of the roads to link neighboring countries under the network North-South / East-West Economics Corridor, Thailand has the obligation to develop the road according to the interstate transportation agreement CBTA as in framework ASEAN TRANSPORT/GMS/ ACMECS. Therefore, the role of transportation in the nations will increase, so the entrepreneurs of Singapore, Malaysia, and China which are the nominee companies for some countries in ASEAN will reach the market of logistics services. These countries have big funds and networks and the capability of competing that Thai business couldn't be competing with (Sorat, 2011).

Free transportation will affect Thai land and railroad entrepreneurs as follows: (1) Thai entrepreneur's lack of sponsored funds to develop personnel and technology to increase capability of competition. (2) Thai entrepreneurs don't have network of transportation linking like other countries. (3) Thai SMEs entrepreneur's lack of efficiency in every aspect e.g. funds, technology, services standard, and expanding business. (4) There is a competition within Thai entrepreneurs as to cut prices for surviving when they can't compete with foreign companies.

Whereas there are problems of water transportation when free trade area is adopted which are (1) Changing the nationalities of countries outside ASEAN to become ASEAN to be able to process transaction in ASEAN and to move on to run business in Thailand. (2) Law enforcement in Thailand still can't detect the nominee companies. (3) Thai entrepreneurs lack of ability and not ready to invest aboard. (4) Thai water transportation companies have limited budgets. (5) Limited budgets, technologies, knowledge will be disadvantaged for Thai water transportation entrepreneurs. (6) Free trade will benefit only in short term but in the long term will have a monopoly of the big entrepreneur. (7) Rules of the government lack of the integration in the status of government laws. (Logistics Thailand, 2010: 33-38) Therefore, free trade area will welcome more competitors into the system. Thus, there should be development program for Thai logistics entrepreneurs to be ready for approaching and defending to the free logistics services under ASEAN framework from 2015 onward.

Free trade logistics under AEC as mentioned above found that there are problems of Logistics Service Providers: LSPs & Human Resources in Thailand. Most of them are small and have low capability and involve with the low value added jobs. 50% of Thai logistics entrepreneurs are single service and needed a lot of investment i.e. transportation services; in addition, they have to face with high competition from free services while services of LSPs is non-asset Based e.g. tariffs and consultants are still low. Moreover, in terms of efficiency of LSPs, it is found that LSPs of Thailand is still weak and facing the high competition from foreign companies. When taking the tendency of Thai LSPs into account, it is noticed that to expand business of LSPs

might be difficult due to most big entrepreneurs especially SMEs still don't focus on cost reduction and create value added in the process by hiring LSPs; therefore, there is needed to set the strategy of Thai LSPs of which direction to move forward to in order to be able to compete in their own markets (Infrastructure Fund Office, 2007: 11)

The mentioned problems affect the ability and readiness of Thai logistics service provider which are mostly SMEs. Therefore, they are not ready as those big companies. With this reason, Thai logistics service provider should speed up the capability of competitiveness to survive and grow in the ASEAN free trade market. Thus, it is necessary to support Thai logistics entrepreneurs and the service standards to compete with foreigners to develop Thai logistics entrepreneurs and to develop our country's logistics system to be capable of competing with national and international markets sustainably. It is also essential to be ready and business networking to promote ASEAN free trade from 2015 onward.

The researcher is interested in the main issue which is how to encourage the logistics service provider to reduce and create value added in the process in order to be capable in competing with national and international markets because it will be relevant to Thailand's strategic plan to develop national logistics volume 2 (2013-2017). It is aimed at reducing cost to GDP within the year 2017 not higher than 12% and to create value added in economic in the nation to 3.5 hundred billion Thai baht in the year 2017. Also, creating capability of business section and create economic growth based on strong business section to expand economic opportunity (Ministry of Transportation, 2013).

Therefore, the researcher adopted ideas from theories and literature review related to activities and logistics management process of the providers including (1) Key Logistics Activities, it is the logistics process used in logistics activities appropriately (Panomyong, 2004: 16-18; Panomyong et al, 2007: 5) (2) Competitive Advantage Strategy, it is the organization efficiency development when presenting services to customers in order to serve the needs of customers and the markets in which it is always changed and to satisfy the customers in the business presented. (Praneetpolkrang, 2004: 35-36; Tipapal, 2003: 150-163; Pucharoon, 2004: 70-75; Serirat, 1999: 178-191, 197; Pearce & Robinson, 2005: 229-236, 238-240) (3) Customer Relationship Management which are aimed at developing relationship between organizations and target customers to get benefit in both sides and in long terms to create satisfaction for customers to be loyal in business and to cut the cost of finding new customers. (Chaengchenkit, 2001: 12; Chaoprasert, 2003: 121; Limmanon, 2005: 43) (4) Logistic Information Systems are the important key to create competition efficiency into business (Doughlas et al, 2004: 53-54) to describe the ability of the variables to forecast mentioned above of which variables affecting the efficiency of the logistics management of small and medium enterprises in Thailand by applying Logistics Performance Measurements (Service Quality or SERVQUAL): PZB Model or applying a tool named "Service Quality" (SERVQUAL) consisting of Reliability, Responsiveness, Empathy, Assurance, and Tangibles in order to evaluate qualities of logistics service providing. (Wanwanich, 2005: 188; Fitzsimmons and Fitzsimmons, 2006: 132-133; Mudie and Pirrie, 2006: 94-96; Parasuraman, Zeithaml, and Berry, 1985: 41-50; Parasuraman, Zeithaml, and Berry, 1988: 12-40; Rafele, 2004: 280-290)

From the reasons mentioned above, they caused interests in researcher to conduct the research about factors affecting the efficiency of logistics management of small and medium enterprises in Thailand by focusing only logistics service providers to develop and create new knowledge in academic section, logistics service providers, industry and interested people along with the government section whom taking care of encouraging logistics industrial services could adopt

the study results to apply as guidelines and planning strategy in logistics industrial services. They will further be used to develop Thai logistics entrepreneur and to develop capability of Thai logistics services business and to increase capability of the nation. They also support the development of services based on customers and economics and also support the free trade area. To reach the standard and reliability and to be able to compete internationally is also important.

### **Research Objectives**

This research aims

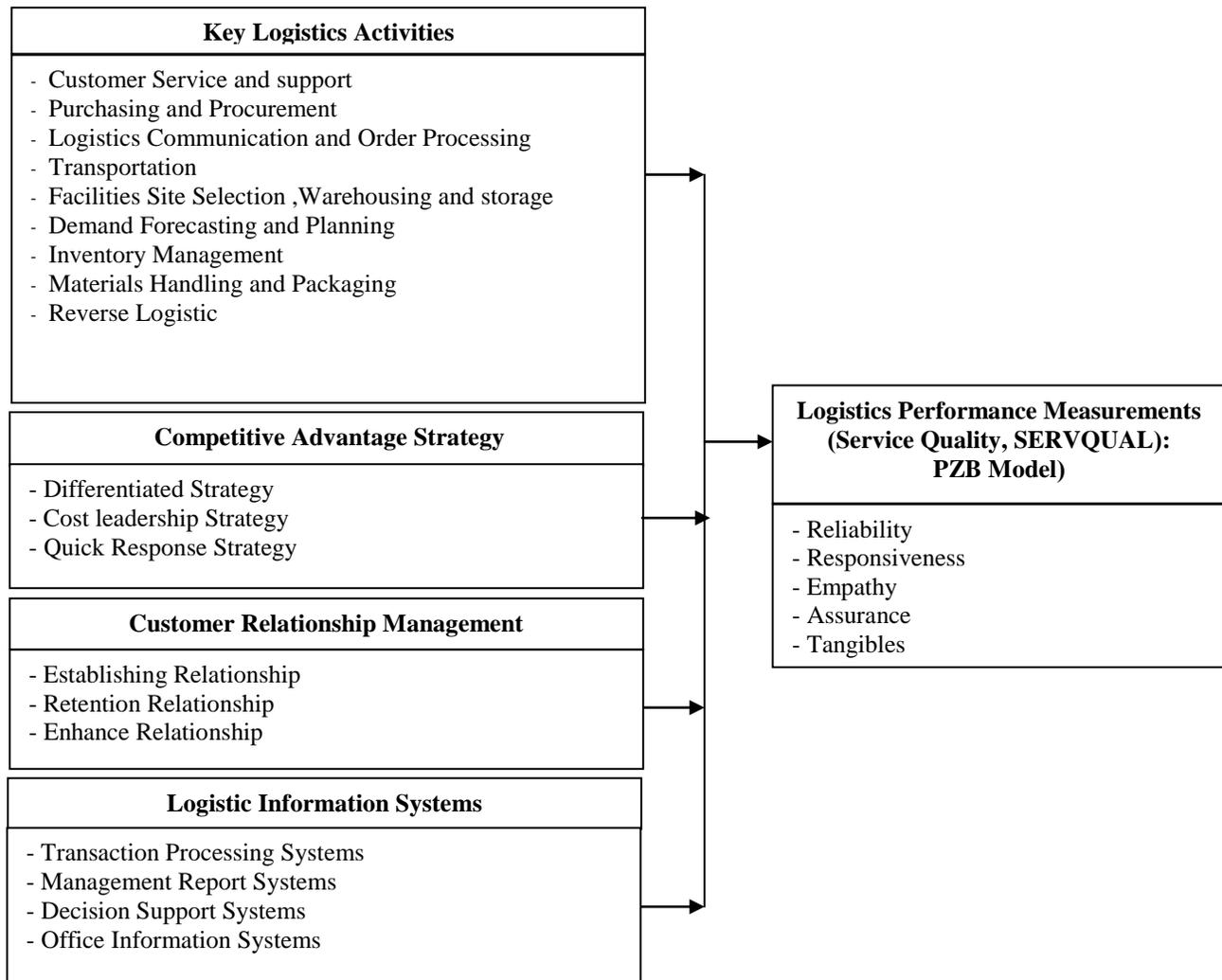
1. to study the problems, obstacles, limitations affecting the efficiency of logistics management of small and medium enterprises in Thailand, a case study of logistics service providers.
2. To study the factors affecting the efficiency of logistics management of small and medium enterprises, a case study of logistics service providers.
3. To create strategy of logistics management of small and medium enterprises in Thailand, a case study of logistics service providers.

### **Research Methodology**

The study of the factors affecting the efficiency of logistics management of small and medium enterprises in Thailand, a case study of logistics service providers, this time the researcher sets the guideline of study to reach the answers of this research by applying 3 methods;

#### **Documentary Research**

This study, the researcher did the documentary research by adopting ideas from theories and literature review to review the knowledge related to logistics management of small and medium enterprises in Thailand, and related research from Thailand and foreign countries to link and set the idea framework of the research as follows;



**Figure 1** Factors Affecting the Efficiency of Logistics Management of Small and Medium Enterprises in Thailand: A Case Study of Logistics Service Providers

### Qualitative Research

The researcher adopted qualitative research in this study by conducting the research from logistics service providers in order to understand the logistics management and to understand the logistics management of logistics service providers causing efficiency in logistics management by applying participating observation along with structured interview. The interview has fixed questions because all questions had been used in another interview before. (Chanthawanich, 2004: 75-76) The interview will cover only important issues such as problems, obstacles, limitations affecting efficiency of logistics management of small and medium enterprises in Thailand, a case study of logistics service providers, and other important issues under the research framework.

The researcher chooses simple random sampling with Lottery Method. (Tirakanan, 2003: 164) It targeted samples of 18 logistics service providers and then the researcher will conduct the structured interview, after that the researcher will summarize the important issues about the guidelines of logistics management of small and medium enterprises in Thailand, a case study of logistics service providers. Then, the information will be applied with the theoretical knowledge

from literature review including the past studies of scholars with deep details, and there will be the narration writing and interpretation with reasoning discussion. Then, the researcher will adopt the depth information to be guidelines for using as questions in the questionnaire related with the research framework and then there will be quantitative research conducting.

### **Quantitative Research**

This research study, the researcher applies quantitative research method in which it will be adopted after the structured interview. The researcher will summarize the important issues and will adopt the depth information to be guidelines for using as questions in the questionnaire along with literature review including the past studies of scholars with deep details. There is also an application of questions from research articles and documents of many scholars and set as a questionnaire using in this research to confirm the study with the structured interview and to interview with logistics service providers with these details;

#### **1. Population, Sampling and How to choose sampling**

Population and sampling in the research are 846 logistics service providers. (Auros Co. Ltd., 2013) It is about the factor affecting the efficiency of logistics management of small and medium enterprises in Thailand, a case study of logistics service providers. The researcher sets the purposive selection then data collecting from the target population 100%.

#### **2. Research tools**

Research tools are questionnaires about the factor affecting the efficiency of logistics management of small and medium enterprises in Thailand, a case study of logistics service providers to answer the research questions.

#### **3. Research tools quality check**

When the questionnaire completed, the researcher will present the academic scholars and 5 qualified scholars to check questions and the contents of questionnaires and to edit them before using with the population that is not the sample 30 people. Next, the answers will be analyzed to review that the answerers have any problems when answering or not by using factor analysis technique in concentricity analysis and varimax rotation setting and reliability analysis of the questionnaires.

From the test of the questionnaires by analyzing factors and reliability as mentioned, it can be concluded that the researcher has cut 4 indicators from the questionnaire which are Inventory 08, Materials 01, Transact 01 and Tangibles 02. Then, the questionnaire will be used with the sampling.

#### **4. Data Collection**

The researcher will apply the questionnaire that has been quality-checked to collect data from 846 logistics service providers sent by mails and received back 213 questionnaires (25.18 %). It is in the range of 10 questionnaires per 1 variable which is 190 questionnaires (19 x 10) according to Hair et al. (1998) proposing. It is the receiving criteria of 20% according to Aaker et al. (2011) proposing.

#### **5. Data Analysis**

Statistics used in analyzing are Percentage, Arithmetic Mean, Standard Deviation, Multiple Regression Analysis by using Ordinary Least Square (OLS) (Kijpreedaborisut, 2004: 348-350, 358, 364; Tirakanan, 2003: 120, 197, 199, 201)

### **Research Results**

Research could be concluded as follows;

1. Logistics service providers have problems and limitations affecting the efficiency of logistics management of small and medium enterprises in Thailand, a case study of logistics service providers as follows; government policies problems, rules and regulations, formalities, steps of government organizations, problems in developing manpower in logistics, problems in managing job standards and qualified logistics job in Thailand, problems about logistics service providers not getting enough supports, information technology problems lacking of electronic transaction, and management problems.

2. Logistics service providers share opinion about factors affecting the efficiency of logistics management of small and medium enterprises in Thailand, a case study of logistics service providers overall ranking the importance in high with the mean 3.689 in order of the high factor to low as follows; (1) Competitive advantage strategy overall ranking in high with the mean 3.905 then considering the variables in order of the high mean to low which are quick response strategy with the mean 4.025, cost leadership Strategy with the mean 3.949, and differentiated strategy with the mean 3.742. (2) Logistic information systems overall ranking the importance in high with the mean 3.716 then considering the variables in order of the high mean to low which are management report systems with the mean 3.783, office information systems with the mean 3.765, decision support systems with the mean 3.671, and transaction processing systems with the mean 3.645. (3) Key logistics activities overall ranking the importance in high with the mean 3.573 then considering the variables in order of the high mean to the low which are customer service and support with the mean 4.044, transportation with the mean 3.914, reverse logistics with the mean 3.655, demand forecasting and planning with the mean 3.641, logistics communication and order processing with the mean 3.634, facilities site selection, warehousing and storage with the mean 3.524, inventory management with the mean 3.414, materials handling and packaging with the mean 3.364, purchasing and procurement with the mean 2.969. (4) Customer relationship management overall ranking the importance in high with the mean 3.562 then considering the variables in order of the high mean to low which are retention relationship with the mean 3.682, establishing relationship with the mean 3.660, and enhance relationship with the mean 3.344. Moreover, logistics service providers have efficiency in logistics management overall ranking the importance in high with the mean 4.049 then considering the variables in order of the high mean to low which are reliability with the mean 4.185, responsiveness with the mean 4.068, assurance with the mean 4.062, empathy with the mean 3.976, and tangibles with the mean 3.953.

Test results of stimulation by using Multiple Regression Analysis applying Ordinary Least Square can be concluded as follows;

**Table 1** The statistical values from the multiple regression analysis on the factors affecting the efficiency of logistics management of small and medium enterprises in Thailand: a case study of logistics service providers

Variable	Unstandardized Beta	S.E.	Standardized Beta	t-value	Sig.
PowerPurchasing	-0.040	0.053	-0.028	-0.747	0.456
PowerTrans	0.246	0.046	0.247	5.350	0.000***
Facilities	0.696	0.336	0.106	2.071	0.040*
Forecast	0.864	0.451	0.111	1.913	0.057
PowerInventory	-0.491	0.050	-0.487	-9.760	0.000***
PowerReverse	-0.056	0.045	-0.059	-1.258	0.210
PowerCost	0.076	0.042	0.087	1.818	0.071

**Table 1 (Con.)**

Variable	Unstandardized Beta	S.E.	Standardized Beta	t-value	Sig.
Quick	2.944	0.456	0.347	6.464	0.000***
PowerEstablish	0.184	0.059	0.185	3.111	0.002**
PowerRetention	0.302	0.047	0.289	6.455	0.000***
PowerTransact	-0.136	0.045	-0.157	-3.044	0.003**
PowerReport	-0.052	0.037	-0.056	-1.404	0.162
PowerOffice	0.282	0.052	0.315	5.434	0.000***

N=213, R =.959, R<sup>2</sup>=.919, F=173.235, Sig=0.000

\* p < 0.05. \*\* p < 0.01. \*\*\* p < 0.001.

Hypothesis test results are found that decision-making coefficient (R<sup>2</sup>) is 0.919 which means that independent variables can explain alteration of dependent variables by 91.9%. There is a variable of Quick response strategy (Beta = 0.347) Office information systems (Beta = 0.315) Retention Relationship (Beta 0.289) Transportation (Beta = 0.247) Establishing relationship (Beta = 0.185) and Facilities Site Selection, Warehousing and storage (Beta = 0.106) having the positive correlation to the efficiency of logistics management of small and medium enterprises in Thailand, a case study of logistics service providers.

3. Logistics service providers could apply the strategies from the research to manage the quality logistics and standard services affecting the efficiency of logistics management as follows;

3.1 Logistics service providers should quick response strategy in which there must be fastness and easiness in changing strategy or decision-making in management to serve the needs of customers quickly.

3.2 Logistics service providers should provide office information systems by adopting office information system such as computers, scanners, fax machines including program system to help in decision-making and to use as well as supporting management of directors in policy levels and planning of the organization.

3.3 Logistics service providers should retention relationship by approaching customers with the nice services making them feel special which is very important in keeping customers loyalty.

3.4 Logistics service providers should choose the form of transportation by air, railway, ship or road, shipping direction searching, rules and regulations in which should be covered all activities from the start to the consumption points. There must be accurate shipping with the perfect condition and punctual.

3.5 Logistics service providers should establishing relationship by interacting with individual customers to meet the needs of each ones and to tighten the relationship with customers.

3.6 Logistics service providers should facilities site selection, Warehousing and storage by focusing on the distance of sources and customers to ease the approach and serve the needs of the customers.

Therefore, logistics service providers or the government organization that supporting logistics industry could adopt the results of the study to apply and plan the strategy to support logistics service industry in which it could be the tools of developing the logistics entrepreneurs in Thailand, and it could help develop capability in competing with national and international markets.

## Discussion and Conclusion

In this part, the researcher has concluded and discussed hypothesis test and found that independent variables affecting the efficiency of logistics management of small and medium enterprises in Thailand, a case study of logistics service providers as follows;

1. Quick response strategy affects positively on efficiency of logistics management of small and medium enterprises in Thailand, a case study of logistics service providers.

Hypothesis test result is quick response strategy affects positively on efficiency of logistics management of small and medium enterprises in Thailand, a case study of logistics service providers. This means that the small and medium enterprises in Thailand, a case study of logistics service providers can inform and recommend how to solve problems for customers immediately and serve the needs of customers which are fluctuated effectively and be able to ship products when the customers need. Moreover, creating logistics activities effectively causes quick response of the company, handling products in the perfect condition and ship accurately with quick response in services.

It is found that the results of the researcher are related to (Serirat, 1999: 193; Praneetpolkrang et al, 2004: 36-37; Pearce & Robinson, 2005: 236-238; Heizer & Render, 2006: 35) in which they describe quick response strategy is in need of fastness and easiness when adjusting strategy or decision-making in management to serve the needs of customers quickly and immediately and they are also related to (Tiyao, 2003: 95) in which he describes that quick response is the true flexible process because all companies can adjust themselves to the surroundings, those who adjust slowly mean that they are lacking of flexibility. The company with high flexibility can respond quicker, and it can compete in the market by switching products to reach the market and to be able to switch the budget to the lower budget products and sell faster and earn profits.

2. Office information systems affects positively on efficiency of logistics management of small and medium enterprises in Thailand, a case study of logistics service providers.

Hypothesis test result is office information systems affects positively on efficiency of logistics management of small and medium enterprises in Thailand, a case study of logistics service providers. This means that the small and medium enterprises in Thailand, a case study of logistics service providers can adjust the working process by adopting modern technology into the business. The business supports staff to learn and use technology. The business supports staff to use information technology to send and receive information skillfully. The business supports staff to understand technique how to use computer system. The business supports adopting information technology in the business for more effective job, and the business supports documentation of all the process for the data users.

It is found that the result of the researcher is related to (Praneetpolkrang et al, 1998: 13, 16-17) in which he describes that office information systems (OIS) is information used in the office by using computer-based such as computers, scanners, facsimiles, modems, telephones, and signal cords including program systems such as word processing, Microsoft office, electronic mail. Information system used in the office is flexible and overlapping with TRS, MRS and DSS in which the details will be mentioned afterward. Moreover, knowledge system (KES) which is the system related to the office playing a role in developing the organization because this job needs specific knowledge e.g. engineers, doctors, lawyers, and scientists. There is CAD/CAM (Computer Aid Design, Computer Aid Manufacturing) or doctor programs.

3. Retention relationship affects positively on efficiency of logistics management of small and medium enterprises in Thailand, a case study of logistics service providers. This means that the small and medium enterprises in Thailand, a case study of logistics service providers have sent

gifts and souvenirs in customers' special occasions such as birthdays, new year's. There is also service quality improvement to satisfy the customers. There is a creation of loyalty and passing along the words. There is a continuous retention relationship such as sending news, following customers and there is a follow-up after selling or servicing. There is a customer satisfaction survey to get information for service improvement and serve the needs of customers.

The result of the researcher is related to (Chaoprasert, 2003: 122) in which he describes that retention relationship could happen after relationship establishing or it is said that if there is no relationship establishing, there is no retention relationship. To retain is easier than to establish relationship. This is also related to (Chaengchenkij, 2001: 94-95) in which it is described in 12 ways of customer retention as follows; (1) Always create value added by creating the feeling "more than satisfying" (2) Personalize service before and after selling (3) Use Call Center (4) Apply promotion program for long term results (5) Set the customer service department to specifically take care (6) Perform the fairness to individual customers (7) Always survey competitors and market situations (8) Focus on mass customization which is to design campaign for individual customers (9) Create internal marketing with the strong back office (10) Board committee must seriously support (11) Create switching cost by creating obstacles of switching to other company's promotions; for example, a campaign of collecting points for pricy rewards and apply progressive points collection to make customers feel that they can get the big prize easily. The company can also set the obstacles of using products such as set up the complicated organizers or different keyboard usage to make the customers feel that the switching cost is high. (12) In case of customers who are the middleman in the market, the company should focus on category management that the customers place in the stores, and to help hold the special event in the stores or it is called proactive market.

4. Transportation affects positively on efficiency of logistics management of small and medium enterprises in Thailand, a case study of logistics service providers.

Hypothesis test result is transportation affects positively on efficiency of logistics management of small and medium enterprises in Thailand, a case study of logistics service providers. This means that the small and medium enterprises in Thailand, a case study of logistics service providers provide special shipping when products couldn't be sent normally and customers are in need of products or need a single product. There is a vehicle selection suiting the way. There is a shipping process selection matching with the products to follow the law of transportation, and it is to create confidence in customers. There is a transportation network supporting shipping effectively. There is always a time checking. There is a direction selection to reach the customers quickly. There is a shipping design to save the product to be in a good condition, accurate, and punctual. There is a budget control and there is a time set from the start to the destination for the punctuality and reliability.

It is found that the researcher's result related to (Panomyong, 2004: 16-18; Panomyong et al, 2007: 5) in which it is described that transportation is the main activity of logistics to move resources from production point to the consumption and sometimes including resources and products removal point. The transportation is involved with shipping selection such as by air, railways, ships or roads, searching for the direction, following laws and rules. This covers activity of moving products from the start to the consumption point in which it must focus on the good condition and the punctuality.

5. Establishing relationship affects positively on efficiency of logistics management of small and medium enterprises in Thailand, a case study of logistics service providers.

Hypothesis test result found that establishing relationship affects positively on efficiency of logistics management of small and medium enterprises in Thailand, a case study of logistics service providers. This means that the small and medium enterprises in Thailand, a case study of logistics service providers adopt the technology to communicate with customers such as SMS, mailing, internet, and there is also applying technology to interact with customers such as websites, automatic machines, call center for the convenience of customers. There is also the technology linking to all departments in business and share the same network such as internet system. There is a customer database that could be passed on and linking all departments which they can share the customer database effectively. The customer database is correct and always updated and in a good order convenient for use.

The researcher's result is related to (Chaoprasert, 2003: 122) in which he describes that establishing relationship is the first step of all businesses, and it is the long term investment including budget and time spent especially the service business that needs to promote brand. Establishing relationship could be done in many ways i.e. salesperson introduces services to customers at the selling point to grab the attention. It also includes the ability to serve the needs of the customers. Moreover, there could be a try out card, and there could be a fill-out questionnaire to collect the history and further establishing relationship.

6. Facilities site selection, warehousing and storage affects positively on efficiency of logistics management of small and medium enterprises in Thailand, a case study of logistics service providers.

Hypothesis test result found that facilities site selection, warehousing and storage affects positively on efficiency of logistics management of small and medium enterprises in Thailand, a case study of logistics service providers. This means that the small and medium enterprises in Thailand, a case study of logistics service providers have used the modern machines to move and to collect the products in the warehouse, and there is a cross-dock by sending products to the checkpoint immediately without stocking causing the flow of customer's products. There is a design of warehouse matching with individual products to save time when moving. There is a plan for the flow of the products effectively to prevent sticking and collecting problems. There is an appropriate facilities site selection to be approachable and reducing shipping cost in which it can serve the needs of customers quickly. There is a Warehouse Management System (WMS) with the full option of fire prevention, security cameras, and emergency warning systems. There is also a plan for placing and collecting products to make it easy for moving or collecting, and there is a management of space effectively and releasing products quickly to reduce the inventory turn.

The researcher's result is related to (Panomyong, 2004: 16-18; Panomyong et al, 2007: 5) in which it is described that facilities site selection, warehousing and storage is a strategic decision which it is not only affecting the shipping budget, but it is also relating to the quality of services and the fastness of serving the needs of customers. Therefore, facilities site selection is the important activity the business should focus on. Facilities site selection must concern the distance of resources and customers to be approachable and the distance factor and the ability to serve the needs of customers.

These research study results are applicable for logistics management of small and medium enterprises in Thailand, a case study of logistics service providers, and to develop the new knowledge in academic circles. Those who are interested can also apply the study result as guidelines to develop performances in logistics management.

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