

ASSESSMENT OF THE LOGISTICS SERVICE PROVIDER FROM THAILAND TO MYANMAR

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ABSTRACT

The objective of this research is to evaluate the operational efficiency of logistics service providers (LSPs) on transportation routes between Thailand and the Republic of the Union of Myanmar. The study was based on quantitative method study, based on exploratory research design. The questionnaire is used to collect data from 65 LSPs and 10 logistics service users. The service quality assessment theory (SERVQUAL) and SWOT analysis are used for analyzing Thai LSPs.

The results found that 5 factors (tangibles, reliability, response, assurance, and empathy) of operational efficiency of logistics service providers in service quality assessment theory (SERVQUAL) were at a high level. For SWOT (strengths, weaknesses, opportunities and threats) analysis, it found that Thai have more experience in routing. Staff, however, have no language skills, especially English. International trade, moreover, is likely to expand. The undeveloped rail transport model causes a high overall logistics costs. Thai LSPs can take the research results as a guideline for improving and developing more efficient management by focusing on service reliability in regard to increasing value, accuracy, punctuality, applying information technology system, emphasizing customer's special needs, and supporting logistics service flexibility.

Keyword: Service Quality, Logistic Service Provider, SERVQUAL

INTRODUCTION

The global community is connected to different regions and countries for the purpose of making a difference. Social and economic aspects such as the integration of AEC or ASEAN Economics Community are the national integration in 10 ASEAN countries, including Thailand, Myanmar, Laos, Vietnam, Malaysia, Singapore, Indonesia, Philippines, Cambodia, and Brunei, in order to provide these countries with joint economic benefits and more negotiation power with other countries outside of ASEAN. Additionally, AEC promotes the import and export of ASEAN nations to be more liberal. This is similar to the Euro Zone group. The AEC was an official effective on January 1, 2015. That is the gathering of 10 ASEAN members in the way of "co-market" that means the free opening of goods, services, funding, and labor. These four liberalizations are the process of reducing the barriers of moving goods, services, funds, and labor to make another factor is a follow-up result.^[1]

Such integration needs to be developed in the relevant aspects. In particular, each country in the ASEAN must coordinate and search for the development approach to provide their own country with the advantage by minimizing the chances of disadvantage. Therefore, the developments of logistics system and logistics services by ASEAN leaders are the most important task in accelerating trade liberalization services between each other. It makes no

trade restrictions on cross-border services, skilled labor movement, and the arrangement of mutually accepted agreements in the profession standard. Logistics development will provide benefits and conveniences to the circulation of goods, services, investments, and funds within AEC. [2]

"Strategic Logistics" is an important mechanism to drive the country's economy to a trade and service center in the ASEAN region. According to the 3rd Thailand Logistics Development Plan (2017-2021), in particular, the 1st strategy - the development of value-added supply chain system, the enhancement of the quality of logistics and supply chain management systems to meet international standards, the support for creating value-added, and the ability on entire supply chain management. [3]

Consequently, the role of Thailand's logistics service providers that deliver goods to Myanmar is more important. Also, if the government can be aware of the competitiveness of logistics service providers (LSPs), assisting on the international trade route between Thailand and the Republic of Myanmar, they will be able to properly promote such logistics providers to increase efficiency in the operations of the business sector that affects the ASEAN economy. Thus, the study of the "**Assessment of the Logistics Service Provider from Thailand to Myanmar**" is counted as the basis of important education in reflecting the potential of Thai LSPs and sustainable development of Thailand in the future.

OBJECTIVE

1) To study factors affecting LSPs' operation on transportation between Thailand and Myanmar, and 2) To assess the operational efficiency of LSPs on transportation between Thailand and Myanmar.

LITERATURE REVIEW

ASEAN Economic Community and logistics

Logistics management service refers to the working process in relation to planning, operation, and control of the organization's function, along with related information management and financial business services to generate the movement, storage, compilation, warehouse management, cost management, value chain, and consumption. The countries with efficient logistics management help reduce costs in business operations as well as create competitive advantage, and develop trade competitiveness. So it can be regarded that Logistics is one of the processes that increase profitability and reduce the cost of producing products and services to drive trade and economic systems of Thailand. [4]

Based on the information of the ASEAN secretary office, Under the ASEAN economic integration, the management of the logistics services group is divided into five aspects as follows.

1. The significant opening of a free logistics service in the following fields:
 - 1.1) Freight forwarding services by sea
 - 1.2) Warehouse services
 - 1.3) Cargo handling Agent services
 - 1.4) Other optional services
 - 1.5) Courier services
 - 1.6) Packaging services
 - 1.7) Customs clearance service
 - 1.8) International Maritime Shipping Services

- 1.9) Complying with the agreement on the opening of the Air transport of ASEAN
- 1.10) International rail freight services
- 1.11) International road freight services
- 2. Increasing the ASEAN logistics competitiveness in the following facilities:
 - 2.1) Trade and customs facilities
 - 2.2) Logistics facilities
- 3. The enhancement of ASEAN logistics capabilities includes the usage of best practices for logistics services to support the development of logistics SMEs by improving database of LSPs or those related to logistics to bring this information into the development of the logistics network in ASEAN countries. Those involved in this field will use the network to exchange comments. Such ASEAN logistics capability development will make Thailand advantageous regarding both domestic and international distribution routes.
- 4. The development of human resources is a workshop to strengthen the personnel potential, promote a skilled certification system for logistics personnel, and endorse the establishment of ASEAN logistics excellence center.
- 5. Promoting utilities and investments for multimodal transport, for example the development of the main trade route network of ASEAN.

Service Quality

The SERVQUAL instrument developed by Parasuraman et al. (1991) has proved popular, being used in many studies of service quality. This is because it has a generic application and is a practical approach to any area. A number of researchers have applied the SERVQUAL model to measure service quality in the hospitality industry with modified constructs to suit specific hospitality situations.

Parasuraman et al (1985) ^[5] developed the gap model and the subsequent SERQUAL instrument designed to identify and measure the gaps between customers' expectations and perceptions of the service received. Quality service from the consumer's perspective depends on the direction and degree of difference between the expected service and the perceived service. Thus, by comparing customer expected service with customer's perceived service, hotels, for example, can determine whether its service standard is appropriate. The gap between expectations and perceptions of performance determines the level of service quality from a customer's perspective.

The cervical instrument consists of 22 statements in assessing consumer perceptions and expectations regarding the quality of a service. Respondent is asked to rate their level of agreement or disagreement with the given statements. Consumers' perceptions are based on the actual service they receive while consumer's expectations are based on past experiences and information received. The statements represent the determinants or dimensions of service quality.

The SERVQUAL Instrument measures the five dimensions of Service Quality. These five dimensions are: tangibility, reliability, responsiveness, assurance and empathy.

1) Tangibles

Since services are tangible, customers derive their perception of service quality by comparing the tangible associated with these services provided. It is the appearance of the physical facilities, equipment, personnel and communication materials. In this survey, on the questionnaire designed, the customers respond to the questions about the physical layout and the facilities that FFR offers to its customers.

2) Reliability

It is the ability to perform the promised service dependably and accurately. Reliability means that the company delivers on its promises-promises about delivery, service provision, problem resolutions and pricing. Customers want to do business with companies that keep

their promises, particularly their promises about the service outcomes and core service attributes. All companies need to be aware of customer expectation of reliability. Firms that do not provide the core service that customers think they are buying failed their customers in the most direct way.

3) Responsiveness

It is the willingness to help customers and provide prompt service. This dimension emphasizes attentiveness and promptness in dealing with customer's requests, questions, complaints and problems. Responsiveness are communicated to customers by length of time they have to wait for assistance, answers to questions or attention to problems. Responsiveness also capture the notion of flexibility and ability to customize the service to customer needs.

4) Assurance

It means to inspire trust and confidence. Assurance is defined as employees' knowledge of courtesy and the ability of the firm and its employees to inspire trust and confidence. This dimension is likely to be particularly important for the services that the customers perceives as involving high rising and/or about which they feel uncertain about the ability to evaluate. Trust and confidence may be embodied in the person who links the customer to the company, for example, the marketing department. Thus, employees are aware of the importance to create trust and confidence from the customers to gain competitive advantage and for customers' loyalty.

5) Empathy

It means to provide caring, individualized attention the firm provides its customers. In some countries, it is essential to provide individual attention to show to the customer that the company does best to satisfy his needs. Empathy is an additional plus that the trust and confidence of the customers and at the same time increase the loyalty. In this competitive world, the customer's requirements are rising day after day and it is the companies' duties to their maximum to meet the demands of customers, else customers who do not receive individual attention will search elsewhere.^[6]

These indicators are referred as "RATER"^[6] and are presented as a conceptual framework for this research.

SWOT Analysis

SWOT analysis (strengths, weaknesses, opportunities and threats analysis) is a framework for identifying and analyzing the internal and external factors that can have an impact on the viability of a project, product, place or person.

SWOT analysis is most commonly used by business entities, but it is also used by nonprofit organizations and, to a lesser degree, individuals for personal assessment. Additionally, it can be used to assess initiatives, products or projects.

A SWOT analysis is often used at the start of or as part of a strategic planning exercise. The framework is considered a powerful support for decision-making because it enables an entity to uncover opportunities for success that were previously unarticulated or to highlight threats before they become overly burdensome. For example, this exercise can identify a market niche in which a business has a competitive advantage or help individual plot career success by pinpointing a path that maximizes their strengths while alerting them to threats that can thwart achievement

SWOT analysis examines four elements^[7]:

Strengths: Internal attributes and resources that support a successful outcome.

Weaknesses: Internal attributes and resources that work against a successful outcome.

Opportunities: External factors that the entity can capitalize on or use to its advantage.

Threats: External factors that could jeopardize the entity's success.

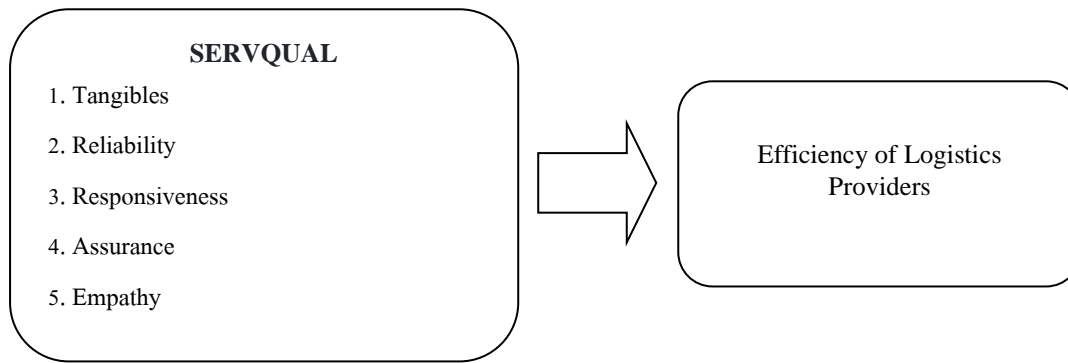


Figure 1. Research Conceptual Framework

METHODOLOGY

Population and sample

The population and sample used in this research are divided into 65 LSPs in Thailand and Myanmar in various industries and 110 logistics service users in Thailand and Myanmar in various industries. The study used a convenient sample selection. Because of the budget and time constraints, the small samples were selected.

The research tools

This research used 2 sets of questionnaire as a tool to collect data: 1) For LSPs in Thailand and Myanmar in various industries and 2) logistics service users in Thailand and Myanmar in various industries as follows:

Questionnaire set 1 is questions about the level of awareness and expectations of the five-dimension SERVQUAL, including tangibles, reliability, responsiveness, assurance and Empathy in a logistics provider view.

Questionnaire set 2 consists of part 1 - general information on respondents, such as positions, industries, reasons the company chooses to use external LSPs in the company's logistics activities, and the channels to supply LSPs - and part 2 - awareness and expectation according to the 5-dimension SERVQUAL, including tangibles, reliability, responsiveness, assurance, and empathy.

Data Collection

The study conducted data collection by an in-depth interview with the entrepreneurs and online questionnaire using Google Form for gathering data form LSPs and logistics users in Thailand and Myanmar in various industrial groups.

Data Analysis

Data analysis for this research was divided into 1) analysis of the preliminary data of respondents, using a percentage, and 2) analysis of the levels of awareness and expectation of logistics services, using mean and standard deviation. Content analysis, moreover, was used to analyze SWOT. The interpretation of the means of the levels of awareness and the expectation of logistics quality was specified, as suggested by Best and Kahn (1993) ^[8] as follows:

- 4.50-5.00 represent the awareness and expected service quality at a highest level.
- 3.50-4.49 represent the awareness and expected service quality at a high level.

- 2.50-3.49 represent the awareness and expected service quality at a moderate level.
1.50-2.49 represent the awareness and expected service quality at a low level.
1.00-1.49 represent the awareness and expected service quality at a lowest level.

RESULTS

The operational efficiency of logistics service providers, in accordance with the five-dimension SERVQUAL, includes tangibles, reliability, responsiveness, assurance, and empathy. The levels of perception and expectation of SERVQUAL in all 5 dimensions were at a high level. For SWOT analysis, it found that LSPs specialized in road transport as well as had networks and domestic and international partners. Personnel, however, lacked English skills. International trade had an expanding trend. The rail transport pattern has not been yet evolved, resulting in high overall logistics costs.

CONCLUSION AND FUTURE WORK

From the quantitative study, based on exploratory research design, on “efficiency assessment of logistics service providers on Thailand – Myanmar routes”, it found that SERVQUAL in all 5 dimensions - tangibles, reliability, responsiveness, assurance, and empathy – were at a high level. This in line with the Performance of Thailand and Malaysia LSPs, as studied by Kongraksawech (2013). It also complies with the supposition, as suggested by Sunyaluckluecha (2009), that punctuality and functionality are significant for transportation service users in selecting transportation service providers in automotive industry, resulting from the measurement of customer satisfaction towards transportation service quality by SERVQUAL technique. While the analysis with SERVQUAL technique shows that the service users pay attention to trustable responsibility, ability in solving various issues at the notified time, and shipping tools in good condition rather than shipping tools suitable with types of products. They are satisfied with self- carriage due to well controllable operations and costs. However, if LSPs are necessary in the future, they expect that LSPs should be integrity, reliable, and always ready to serve.

Thai LSPs can take the research results as a guideline for improving and developing more efficient management by focusing on service reliability in regard to increasing value, accuracy, punctuality, applying information technology system, and emphasizing customer’s special needs. In addition, Thai LSPs should support the flexibility in services and logistics, as conceptualized by Aunyawong et al. (2018) since they allow LSPs to meet the customer’s unstable needs.

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