

THE STRUCTURAL INFLUENCE OF FACTORS AFFECTING THE SUCCESS OF THAILAND TRANSPORTATION AND LOGISTICS BUSINESS

Sumalee Ramanus, Southeast Asia University
Thanyanan Boonyoo, Southeast Asia University

ABSTRACT

The purpose of this research was to study the structural influence of factors upon the management capabilities, service orientation, and service innovation affecting the success of Thailand transportation and logistics business. Most contents of the study were focused on the factors influencing the success of Thailand transportation and logistics business with the idea of success of any business was obtained by supporting the strategic assets of differences and superiority over the same business. The researcher focused on the matters of fact and quantitative conclusion with a questionnaire as a research instrument to verify the hypothesis. The sample group was 430 entrepreneurs of Thailand transportation and logistics business.

The findings revealed that the management capabilities directly influenced the service orientation, service innovation, and business success. Whereas the service orientation directly influenced the service innovation, and business success, and the service innovation directly influenced the business success in accordance with the hypothesis.

The results of the study showed something interesting. The entrepreneurs of providing services must implement the essential factors of capacities for systematic management process to improve the services and service innovation with differences over the same business in order to make the organization successful for increasing the volume of services effectively and sustainably.

Keywords: Management Capabilities, Service Orientation, Service Innovation, Business Success.

INTRODUCTION

The current situation of increasingly stiff business competition makes the business world changed according to the operational ways and strategies with the adjustment under globalization and customers' needs to let the organizations be able to operate their business promptly and sustainably (Ichsan et al., 2017). Meanwhile, the consumers require more service quality; the business operators implement the strategies for higher competition. Both the private and government sectors try to adapt themselves for competitive survival with the improvement of Management Capabilities and process, products, and services. However, doing like these may not enough for the organizations to survive in the point of advantages of competitiveness with other organizations. The organizations have to find some superior strategies and approaches to win their competitors to meet their customers' needs for sustainable achievement of the businesses (Phetphongphan, 2019).

However, the COVID-19 pandemic, also known as the coronavirus pandemic has changed the consumers' behaviors. It is more difficult for the consumers to buy goods or

products. Therefore, they have turned to buy their products through online marketplaces with e-commerce websites or social media more and more and this has increased Thailand transportation and logistics business. The survey of the Department of Business Development (2020) revealed that the income of Thailand transportation and logistics business groups during the years 2016-2018 was increased respectively. The rate of growth was 50.32 percent and in the year 2018, the growth rate increased by leaps and bounds from the year 2017 at 82.10 percent. Therefore, the transportation and logistics business attracted the investors and a study of the business growth found that 105 entrepreneurs founded their companies that were 50 percent increased when compared with the year 2018. The authorized capital in 2019 was 105.81 that was 29.22 when compared with the year 2018. When comparing with the data in the past three years, the company registrations increased respectively and the value of the authorized capital was also increased in the same way. The data shows that there has been a high competition of Thailand transportation and logistics business. The entrepreneurs must develop the service and speed quality and they must have the Management Capabilities, service orientation, and service innovation factors to make Thailand transportation and logistics business successful and in accordance with the study of Wang (2014); Umar et al. (2018); Setyanti et al. (2013); Limsong et al. (2016) stating that the management capabilities of the professional executives could be the guidelines for service orientation and service innovation behaviors. Additionally, the Management Capabilities are also the element to drive the organizations to success and the study of Deesomflert & Sawmong (2015) Wang et al. (2013); Eren et al. (2013) stating that the service orientation based on the technology tools directly influences the service innovation to meet the consumers' needs and the service orientation with the effective strategies will lead the organizations to a long term success. Therefore, the problems mentioned above were the cause of studying the structural influence of the structural influence of factors affecting the success of Thailand transportation and logistics business focusing on the levels of Management Capabilities, service orientation, service innovation and business success, and other causes or factors affecting Thailand transportation and logistics business to be the guidelines for business success and implement the results of the study for work performance plans to improve the strategies for Thailand transportation and logistics business.

Management Capabilities

The organization management capabilities are considered an important tool to develop the personnel and organizations for systematic link to the targets and support the organizations for the aims of success. And the superior management capacities are based on various tactical and human skills for the superiority in the specific competitive market (Lo, 2012). Additionally, the executives are responsible to manage the organization and personnel capacities for participation in the systematic growth to enhance the business competency for successive achievement (Ali et al., 2017), and the businesses are different due to the management capacities and developed through learning experience to lead the organizations to business success (Gillis et al., 2018), and the capabilities at organizational executives' level will be a combination of tactics, knowledge, skills and other organization's resources to enhance the valuable management competency for work performance together with creative activities and work performance superiority with various management ways (Hassan et al., 2017) and the organizational capacities will be the vision of learning culture and communication to enhance the necessary Management Capabilities for sustainable superior outcomes (Ahmed, 2017).

Service Orientation

The service orientation of the organizations is the intangible attitude, personal experience and behavior along with the time of operation for co-productive customers and it directly affects the quality of service delivery process and various mechanics of customer access (Oliveira & Roth, 2012), which is the organizational operation driving center that creates the strength and marketing competition to enhance the superior value continuously for customers to be the evolution under the non-stop change. The organizations that focus on customer service as the organizational culture will be able to provide the services for customer loyalty and long term profits (Chobsaard et al., 2019). Moreover, the service orientation is the application of specific capabilities of knowledge and skills through the operation process and action for the organization's profits on the customers' awareness of better service quality the staff provide (Mandung et al., 2018), which the concept of providing the service quality will be the successive dynamics responding the customer's expectations, wishes, and needs. The service orientation could be able to create a good image of the organization for customers and reflect the quality of life of the employees as well (Dienhart et al., 1992).

Service Innovation

The concept of service innovation is related to the new creation and development based on technology concerning the nature of human services to enhance the human and organization competency (Witell et al., 2015). The service innovation is considered a strategy designed by the viewpoint and experience over customers to create a good relationship with the customers and the service delivery could lead to superiority to meet the customers' expectations and needs as well as the services offered beyond the customers' needs (Kwarteng et al., 2019) which is the offering of new services and products including the competency of improving the speed of services to enhance the service quality and adding value of service markets (Durst et al., 2015). The implementation of service innovation for running the business is the starting point of a decision making and the end with buying the products even though it is an important way of increasing the value and superiority of the business sector (Mahmoud et al., 2017) Therefore, the concept of service innovation is different from the other kinds of innovation in terms of focusing on value and customers' needs (Rantianti & Halim, 2020). The entrepreneurs must consider some essential components and factors to implement the service innovation for the highest business success and profits (Hanif & Asgher, 2018).

Business Success

The factor of success is an important thing to get the business success and one of the most important factors directly affecting the business success. At present, to run a business the entrepreneurs must realize the priority to their customers and create the value for all business sectors for business success (Techakana, 2020). The entrepreneurs usually set the directions and strategies and drive the organizations by implementing the available capabilities, focusing on the services for customer satisfaction and finding the service innovation with outstanding identity superior to other rivals (Teece, 2010). Moreover, the business success on services shows the outcomes in accordance with the objectives and the plans and management with a variety of adding the business value are implemented to differentiate the services and enhance the profits (Aqeel et al., 2011), and create the acceptable international outcomes of performance measured

by the financial and non-financial ratios, organization survival, investment turnover, sale growth, and number of the employees who work happily, and so on. The business organizations must find what the markets need, and use technology to change something for multiple organization growth (Radzi et al., 2017).

Objective

The objective of the study was to investigate the structural influence of factors of management capabilities, service orientation, service innovation affecting Thailand transportation and logistics business success.

Hypotheses

Management capabilities, service orientation, service innovation and business success

The role of management capabilities is to specify the basic directions of structure of service marketing development to meet the environmental change. And it is one of competitive advantages for organization success. A study of Wang (2014) claimed that the management capabilities are guidelines for the behaviors of service orientation including value and basis of the development role of the organization capabilities and skills. In accordance with Umar et al. (2018) stated that the management capabilities of professional executives are also able to create service innovation and business success. Additionally, Limsong et al. (2016) and Setyanti et al. (2013) also stated that the management capabilities both in management skills and service experience are an element to drive the organizations to incessant success. Therefore, to make it clear and understandable for the influence, the researcher defined the hypotheses as follows:

H₁ The management capabilities directly influence the service orientation.

H₂ The management capabilities directly influence the service innovation.

H₃ The management capabilities directly influence the business success

Service orientation, service innovation and business success

Basically, the service orientation is the first stage of marketing response for business change based on the external marketing environments focusing on the service orientation to meet the new demand of customers. It depends on the technology to create the superior service innovation effectively (Wang, 2014). A study of Deesomlert & Sawmong (2015) claimed that one of the strategies used in the marketing competition is the service market strategy focusing on the service orientation with the modern devices directly affecting the service innovation to communicate with the consumers to meet their needs (Wang et al., 2013; Eren et al., 2013) and the service orientation culture creates the effective strategies and sustainable organization achievement (Idrus et al., 2018). Thus, to make it clear and understandable for the influences, the researcher defined the hypotheses as follows:

H₄ The service orientation directly influences the service innovation.

H₅ The service orientation directly influences the business success.

Service innovation and success of industry

The service innovation creates some things different to meet the current market needs. It leads to sustainable business success in the new markets. Moreover, the innovation is a device to create know-how and the organization decision and create the main value of supporting the organization success assigned (Suliyanto & Rahab, 2012). A study of Umar et al. (2018) found that the organizations look for the service innovation to meet the customer's needs and improve the service quality to make the organizations sustainable and successful in a long term (Deesomlert & Sawmong, 2015). Thus, to make it clear and understandable for the influences, the researcher defined the hypotheses as follows:

H₆ The service innovation directly influences the business success.

METHODOLOGY

A questionnaire was used for the data collection from the population representing a total of 650 entrepreneurs of Thailand transportation and logistics business. The suitable sample size of the structural equation model to verify the hypotheses according to the study of Hair et al. (1998) which stated that the minimum sample size should be between 5 and 20 subjects per indicator but not less than 200 subjects. However, the appropriate ratio should be 10 subjects per indicator. And there were 43 indicators in this study. Therefore, the sample size would be not less than 430 subjects through the stratified random sampling method classified by four different regions: northern, southern, central and northeastern parts of Thailand. The instrument used in the study was divided into five parts: part 1) personal data and parts 2) – 5) data of management capabilities, service orientation, service innovation, and business success with 5-point Likert-type scale (Likert, 1932): 1=the lowest level, 2=low level, 3=oderate level, 4=high level and 5=the highest level.

The researcher had the research instrument verified by five experts to test the question item congruence and variables. The Index of Item Objective Congruence was between 0.60 and 1.00 and the five experts also verified the reliability to test the internal congruence of overall quality of a group of 30 entrepreneurs apart from those in the stratified random sampling with the Cronbach's coefficient alphas of 0.70. The data collection employed the distribution of questionnaire to. The questionnaire was used to collect the data of 430 entrepreneurs of Thailand transportation and logistics business during 10th March to 30th August 2020. The data analysis was divided into 1) descriptive statistics used to analyze the mean, and standard deviation to measure the management capabilities, service orientation, service innovation and business success by interpreting the mean in according with the concept of Likert (1932) which stated that 1.00-1.80=the lowest, 1.81-2.60=low, 2.61-3.40=moderate, 3.41-4.20=high and 4.21-5.00=the highest; and 2) the inferential statistics used to analyze the structural equation model to verify the hypothesis to find the structural relationship among the factors of management capabilities, service orientation, service innovation affecting Thailand transportation and logistics business success.

RESULTS

1. The results of analyzing levels of mean and standard deviation of management capabilities, service orientation, service innovation and business success revealed that the entrepreneurs had management capabilities, service orientation, service innovation and success of industry at a highest level of 4.28, 4.28, 4.33 and 4.38 with the standard deviation of 0.79, 0.84, 0.84 and 0.72, respectively.

- The results of analyzing the overall structural equation model were the regression coefficient analysis affecting both direct and indirect effects as shown in Figure 1.

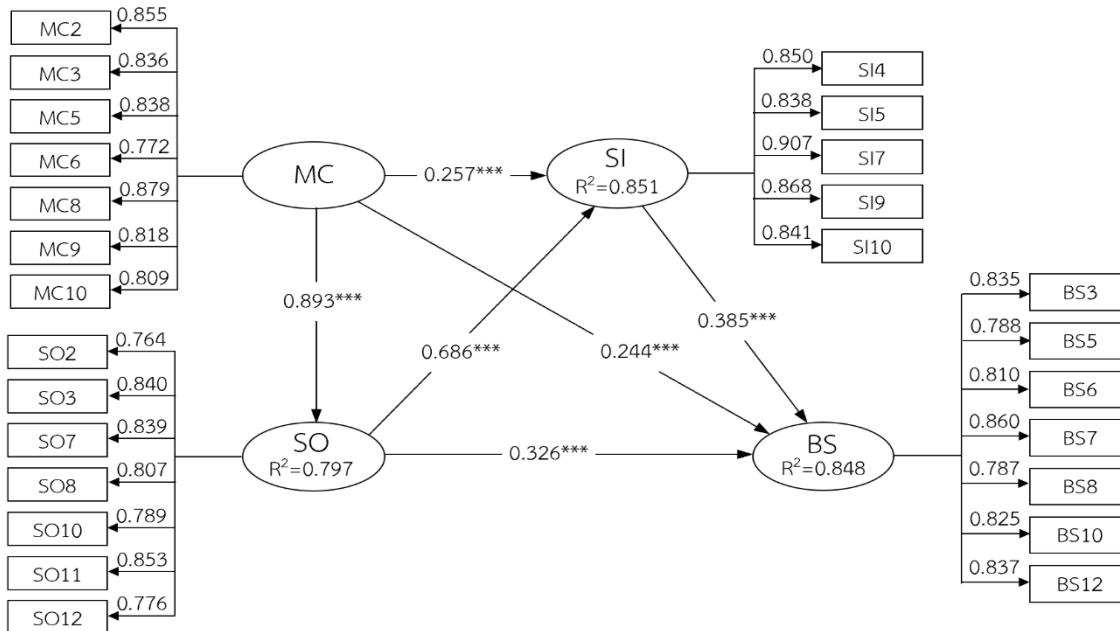


FIGURE 1
THE RESULTS OF ANALYZING THE RELATIONSHIP OF THE STRUCTURAL EQUATION MODEL

The Figure 1 showed relationship within the structural equation model revealing that 1) the management capabilities (MC) directly affected the service orientation (SO), the service innovation (SI) and the business success (BS) with the coefficient of 0.893, 0.257 and 0.244, respectively. The management capabilities (MC) indirectly influenced business success with the coefficient of 0.390; 2) the service orientation (SO) directly influenced the service innovation (SI) and the business success (BS) with the coefficients of 0.686 and 0.326, respectively. The service orientation (SO) indirectly influenced the business success with the coefficient of 0.264; and 3) the service innovation (SI) directly influenced the business success with the coefficient of 0.385. Therefore, it could be concluded that the management capabilities, service orientation and service innovation was an important factor for Thailand transportation and logistics business success. The results of verifying the hypotheses through the analysis of structural influence of the affecting Thailand transportation and logistics business success were shown in Table 1.

Hypothesis	Coefficient (Coef.)	t-test	Results
H1: MC → SO	0.893***	55.350	supported
H2: MC → SI	0.257***	4.601	supported
H3: MC → BS	0.244***	4.156	supported
H4: SO → SI	0.686***	12.610	supported
H5: SO → BS	0.326***	3.494	supported
H6: SI → BS	0.385***	4.343	supported

Source: *** indicated ≤ 0.01 or $t \geq 2.58$

Table 1 revealed that 1) the management capabilities directly influenced the service innovation and the business success with the coefficients of 0.893, 0.257 and 0.244, with the t-test statistics of 55.350, 4.601 and 4.156, respectively; 2) the service orientation directly influenced the service innovation and the business success with the coefficients of 0.686 and 0.326, with the t-test statistics of 12.610 and 3.494, respectively; and 3) service innovation directly influenced business success with the coefficient of 0.385 and the t-test statistics of 4.343.

DISCUSSION

The results of analyzing structural influences of factors of the management capabilities, service orientation, and service innovation for Thailand transportation and logistics business success revealed that the management capabilities directly influenced the service orientation, the service innovation and the business success. The service orientation directly influenced the service innovation and the business success. And, the service innovation directly influenced the business success in accordance with the hypothesis assigned. Therefore, the entrepreneurs supported the organizations for enhancing the systematic management capabilities to provide good services and develop various types of innovation of the same business for the organizations to success effectively and in accordance with the study of Wang (2014); Umar et al. (2018); Setyanti et al. (2013); Limsong et al. (2016) stating that the management capabilities of the professional executives could be the guidelines for service orientation and service innovation behaviors. Additionally, the management capacities are also the element to drive the organizations to success and the study of Deesomflert & Sawmong (2015) Wang et al. (2013); Eren et al. (2013) stating that the service orientation based on the technology tools directly influences the service innovation to meet the consumers' needs and the service orientation with the effective strategies will lead the organizations to a long term success.

CONCLUSION

The results of this study showed that 1) the entrepreneur of Thailand transportation and logistics business had the factors of management capabilities, service orientation, service innovation, and business success with a high level; and 2) the management capabilities directly influenced the service orientation, the service innovation and the business success. The service orientation directly influenced the service innovation and the business success. The service innovation directly influenced the business success. It shows that when the entrepreneurs of Thailand transportation and logistics business focuses on creating the management capabilities, the service orientation, the service innovation, it could be able to lead Thailand transportation and logistics business to success. The researcher provided suggestions: the entrepreneurs of providing services should focus on implementing the important factors of capabilities for the systematic management to provide good services and develop various types of innovation of the same business to lead the organizations to success in order to increase the service volume effectively and sustainably.

SUGGESTIONS FOR FURTHER STUDY

1. The qualitative techniques should be applied in the study to realize the factors affecting more in-depth business success to be the guidelines for ongoing business success.
2. The other factors affecting Thailand transportation and logistics business success should be studied more so that the entrepreneurs could apply the data for strategic planning.

REFERENCES

- Ahmed, K.A. (2017). The influence of development on managerial capabilities and performance: Empirical evidence from Pakistan. *Journal of Southeast Asian Research*, 20, 1-12.
- Ali, Z., Sun, Hongyi, & Ali, Murad. (2017). The impact of managerial and adaptive capabilities to stimulate organizational innovation in SMEs. A complementary PLS-SEM approach. *Sustainability*, 9(12), 1-23.
- Aqeel, A.M.B., Awan, A.N., & Riaz, A. (2011). Determinants of business success (An exploratory study). *International Journal of Human Resource Studies*, 1(1), 98-110.
- Chobsaard, V., Boonyoo, T., & Kantanapa, N. (2019). Serial mediated effects of organizational trust and job satisfaction as moderating factors in influencing corporate social responsibility towards customer orientation of staff of commercial bank. *APHEIT Journal*, 25(2), 6-21.
- Deesomlert, S., & Sawmong, S. (2015). The model of market orientation, service orientation, organizational factors and service innovation on the business performance of spas for health in Thailand. *Srinakharinwirot Research and Development, Journal of Humanities and Social Sciences*, 7(14), 96-113.
- Department of Business Development. (2020). *Business analysis report*. Bangkok: Department of Business Development
- Dienhart, J.R., Gregoire, M.B., Downey, R.G., & Knight, P.K. (1992). Service orientation of restaurant employees. *International Journal of Hospitality Management*, 11(4), 331-346.
- Durst, S., Mention, A.L., & Poutanen, P. (2015). Service innovation and its impact: What do we know about? *Investigaciones Europeas de Direction Economia de la Empresa*, 21, 65-72.
- Eren, S. S., Eren, M.S., Ayas, N., & Hacıoglu, G. (2013). The effect of service orientation on financial performance: The mediating role of job satisfaction and customer satisfaction. *Procedia-Social and Behavioral Sciences*, 99, 665-672.
- Gillis, W.E., Combs, J.G., & Yin, X. (2018). Franchise management capabilities and franchisor performance under alternative franchise ownership strategies. *Journal of Business Venturing*, 1-20.
- Hair, J.F., Anderson, R.E., Tatham, R.L., & Black, W.C. (1998). *Multivariate data analysis*. New York: Prentice Hall.
- Hanif, M.I., & Asgher, M.U. (2018). Service innovation and service innovation performance: A study of banking services. *Pakistan Journal of Commerce and Social Sciences*, 12(2), 670-694.
- Hassan, S., Mei, T.S., & Johari, H. (2017). Mediating role of operational capabilities between intellectual capital and organizational performance: A proposed theoretical framework. *Academy of Strategic Management Journal*, 16(3), 1-12.
- Ichsan, M., Abbas, B.S., Hamsal, M., & Sadeli, J. (2017). Project portfolio management capabilities of strategic initiatives and PMO practices in strategy implementation: A perspective of dynamic capability in banking industries in Indonesia. *Advances in Economics, Business and Management Research*, 36, 657-673.
- Idrus, S.A., Ahmar, A.S., & Abdussakir, U. (2018). The effect of organizational learning and job satisfaction on market orientation, and ITS impact on business achievement. *Journal of Entrepreneurship Education*, 21(4), 1-7.
- Kwarteng, C.K., Sarpong, P., & Acheampong, S. (2019). Service innovation, firm location and pricing orientation of SMEs automobile services. *Academy of Marketing Studies Journal*, 23(2), 1-10.
- Likert, R.A. (1932). A technique for the measurement of attitudes. *Archives of Psychology*, 22(140), 5-53.
- Limsong, S., Sambath, P., Seang, S., & Hong, S. (2016). *A model of entrepreneur success: Linking theory and practice*. USA: Boston.
- Lo, Y.H. (2012). Managerial capabilities, organizational culture and organizational performance: The resource-based perspective in Chinese lodging industry. *The Journal of International Management Studies*, 7(1), 151-157.
- Mahmoud, M.A., Hinson, A.G., & Anim, P.A. (2017). Service innovation and customer satisfaction: The role of customer value creation. *European Journal of Innovation Management*, 1-23.
- Mandung, F., Modding, B., Hasan, S., & Ella, H. (2018). Effect of market orientation, service quality and service orientation on semen tonasa customer satisfaction and loyalty in Makassar city. *International Journal of Scientific & Technology research*, 7(12), 114-153.
- Oliveira, P., & Roth, A.R. (2012). Service orientation: The derivation of underlying constructs and measures. *International Journal of Operations & Production Management*, 32(2), 156-190.
- Phetphongphan, W. (2019). A causal model of factors influencing firm success of hotel businesses in Thailand. *Panyapiwat Journal*, 11(1), 29-39.

- Radzi, K.M., Nor, M.N.M., & Ali, S.M. (2017). The impact of internal factors on small business success: A case of small enterprises under the felda scheme. *Asian Academy of Management Journal*, 22(1), 27-55.
- Rantyanti, V.N.P., & Halim, R.E. (2020). The influence of service innovation and service quality to customer satisfaction and loyalty in banking industry. *International Journal of Advanced Science and Technology*, 29(12), 1541-1553.
- Setyanti, S.W.L., Troena, E. A., Nimran, U., & Rahayu, M. (2013). Innovation role in mediating the effect of entrepreneurship orientation, management capabilities and knowledge sharing toward business performance: Study at batik SMEs in East Java Indonesia. *IOSR Journal of Business and Management*, 8(4), 16-27.
- Suliyanto, E., & Rahab, E. (2012). The role of market orientation and learning orientation in improving innovativeness and performance of Small and Medium Enterprises. *Asian Social Science*, 8(1), 134-145.
- Techakana, J. (2020). Innovative business model for high achievement. *Journal of Social Science and Buddhist Anthropology*, 5(3), 431-445.
- Teece, D.J. (2010). Business models, business strategy and innovation. *Long Range Planning*, 43, 172-194.
- Umar, A., Omar, C.M.Z., Hamzah, M.S.G., & Hashim, A. (2018). The mediating effect of innovation on entrepreneurial competencies and business success in Malaysian SMEs. *International Business Research*, 11(8), 142-153.
- Wang, C.H. (2014). Does service innovation matter in high-tech industry? *Journal of Technology Management & Innovation*, 9(2), 42-55.
- Wang, Y., Chen, Y., Nevo, S., Jin, J., Tang, G., & Chow, W.S. (2013). IT capabilities and innovation performance: The mediating role of market orientation. *Communications of the Association for Information systems*, 33(9), 129-148.
- Witell, L., Snyder, H., Gustafsson, A., Fombelle, P., & Kristensson, P. (2015). Defining service innovation: A review synthesis. *Journal of Business Research*, 1-10.