

7G, AS A GREEN AND CSR STRATEGY - A FUTURE DIRECTION WITH ENHANCING COMPETITIVENESS TO LOGISTICS SERVICE PROVIDERS

KAMOLPUN NOIJAROEN

Researcher, Logistics & Management Research Centre, Faculty of Logistics, Burapha University, Thailand

TAWEESAK THEPPITAK

Professor, Faculty of Logistics, Burapha University, Thailand

Abstract

Today, pressures (i.e. intense competition and volatile markets), seriously impact to business operations of Thai Logistics Service Providers (LSPs). As customers decisions are, not only on responsiveness and low cost, but they also consider on positive public image of LSPs. Therefore, Green and Corporate Social Responsibility (CSR) strategy is a new and popular way to enhance a competitive advantage for doing modern business.

The objective of the paper is to survey awareness and perception of Thai LSPs on adoption of green and CSR strategy. How are effectiveness and efficiency of the strategy adoption. The strategy includes components of green and CSR through 7G strategy or green heart, green logistics, green corporate social responsibility, green community, green activities, green services, green supply chain. It also studies what factors have influence and motivate for implementation of the 7G strategy. To achieve the objectives, the secondary data are intensively reviewed. Primary data are collected through questionnaire survey and in-depth interview. 210 questionnaires are distributed and 200 of them are returned. Further, 40 managers in Thai LSPs are interviewed to understand in aspect of motivations and factors influence to adoption of 7G strategy.

The result shows that the LSPs provide low to lowest priority on 7G strategy adoption. The strategy has not been integrated in their companies' vision and business operations. Some of logistics managers believe that 7G strategy is becoming a strategic tool to compete in dynamic businesses in coming decade. The paper also proposed management process model to facilitate the LSPs for applying and managing problematic issues in integrate and push the 7G strategy to reality.

Key Words: 7G, CSR, strategy, logistics service provider, effectiveness.

1. INTRODUCTION

Today, pressures (i.e. intense competition and volatile markets), seriously impact to business operations of Thai Logistics Service Providers (LSPs). As customers decisions are, not only on responsiveness and low cost, but they also consider on positive public image of LSPs. Therefore, Green and Corporate Social Responsibility (CSR) strategy is a new and popular way to enhance a competitive advantage for doing modern business.

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the objectives, the secondary data are intensively reviewed. Primary data are collected through questionnaire survey and in-depth interview. 210 questionnaires are distributed and 200 of them are returned. Further, 40 managers in Thai LSPs are interviewed to understand in aspect of motivations and factors influence to adoption of 7G strategy.

The paper reviews and studies definition of 7G as integrated strategy in global perspective. It examines what is current situation of adopting 7G in logistics businesses. Further, it analyses problematic issues and factors which the LSPs to adoption of 7G in routine businesses, including building a new model of green and corporate social responsibility in next decade.

2. LITERATURE REVIEW

The paper initially reviews the definition of 7G as integrating green and CSR concepts. (Bowersox DJ & Closs DJ, 1996; Remko I. van Hoek, 1999). The purpose is to review knowledge body of green and CSR through ten years ago. It defines scope of 7G in logistics service providers (LSP) context. It also presents problematic issues and obstacles of implementation of 7G in logistics activities in business firms. Further, it reviews awareness and perception of 7G strategy in private sectors, especially in logistics sectors. Finally, it examines efficiency and effectiveness of 7G adoption in business sectors.

The paper reviews the definition of green and CSR concepts in business practices. There are many authors (Bowersox DJ & Closs DJ, 1996) studied on green concept which covers green heart, green logistics, green community, green activities, green services, green supply chain. Remko I. van Hoek, (1999) identifies that organizations would initially build green concept by building awareness of save the world from heart of stakeholders. All organizational activities, in particular logistics activities would be planned, designed, implemented, monitored and evaluated. The output of doing green business would offer green services to customers. The required outcome is not only generating public image and improving efficiency, but it also makes better relationship with communities.

However, nowadays, pattern of managing relationships with customers has been changing by building closely relationship and higher loyalty. One of changing patterns is establishing green corporate social responsibility (CSR) in organizations. The literature points out that one of key issues is how to encourage and motivate people to push the CSR to reality. Further, it questions on how to communicate the CSR strategy to stakeholders. It also states that future research would find the effective way to integrate CSR strategy into other strategies or programs.

The study reviews problematic issues and factors which Thai LSPs to adoption of 7G in routine business. The literature reveals that company policy and culture is major factor to adoption of green and CSR strategy. Remko I. van Hoek, (1999) states that employees lack of motivation and understanding how to implementation. The company policy would be top-down communication, including organizational culture would integrate the strategy in day-to-day working. Lee Berthiaume (2009) also identifies that forces of intense competition and customer behavior are key changes in which

organizations need to adapt and respond to the changes.

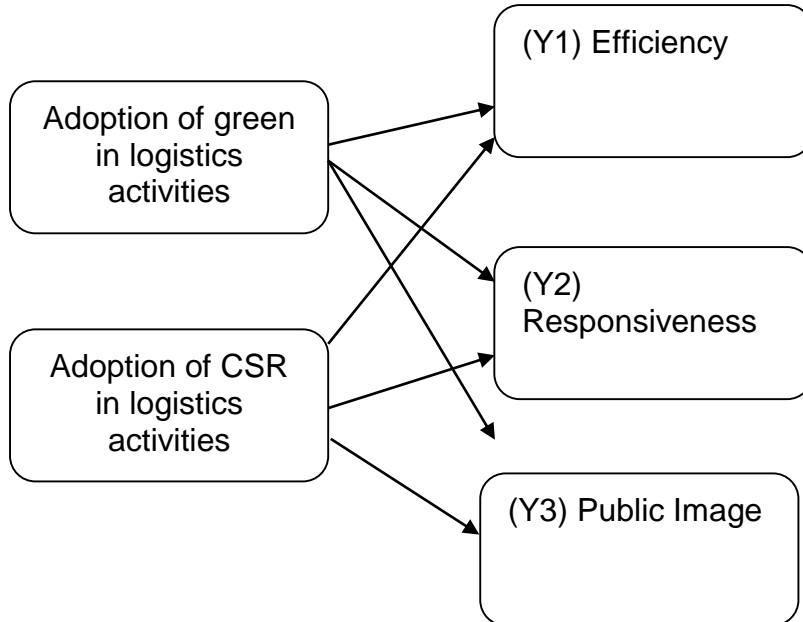


Figure 1 Theoretical framework on adoption of green and CSR strategy and its output (Murphy, Paul R., and Richard F. Posit. 2003; Lee Berthiaume, 2009; Skjoett-Larsen, Tage, 2000.)

3. RESEARCH METHODOLOGY

To achieve the objectives, the secondary data are reviewed. Primary data are collected through questionnaire survey and in-depth interview. The 210 questionnaires are distributed and 200 of them are returned with response rate at 95 percent. Further, 40 managers in Thai LSPs are interviewed to understand in aspect of motivations and factors influence to adoption of 7G strategy.

Integrating green and corporate social responsibility is a rather modernized topic in an academic research, especially in Thai academics. However, under pressures by global business and economic integration around the world, companies need to adapt and respond to the pressures and changes company visions, policy or the way of doing business to meet public standards and expectations. A review of literature is conducted on sources related to the definition and adoption of green and social responsibility of companies, especially in logistics businesses from text books and scholar journals.

The paper has two major objectives. First, as recommended by grounded research that the literature of green and corporate social responsibility has developed and rapidly changed overtime. Therefore, a historical review (traces the development of an issue related to global supply chain over periods, (Newman, 1997, p. 90), and an integrative review (summarizes what is known related to issues of global supply chain at a point in time) will be conducted (Zikmund, 1997, p. 203). Second, it is to refine a

research idea of green and corporate social responsibility to facilitate further research (Kervin, 1992). The information gathering stage can be viewed as a preliminary investigation, identified by Emory and Cooper (1991), as a core method of conducting exploratory case study research.

This paper presents globally contemporary issues to facilitate Thai firms for managing their businesses in global context. It is used for generating insights to investigate and answer the research questions as follows:

- What is definition of 7G in global perspective?
- What is current situation of adopting 7G in logistics businesses?
- What are problematic issues and factors which Thai LSPs to adoption of 7G in routine business?
- What is a new model of green and corporate social responsibility in next decade?

The paper uses an exploratory study in order to explore pattern of adopting green and corporate social responsibility for Thai LSPs. A questionnaire survey was used in order to specifically elicit attitude and opinion from Thai LSPs. The 210 questionnaires were distributed and 200 samplings were returned, with 0.95 percent of response rate.

This sampling would be appropriate representative of population, which is accepted and reliable (Sekaran, 2000). It additionally conducted interviews 40 the samplings in Thai language. The semi-structured questions were developed based on research questions and repeatedly asked the same questions to all respondents. Data were being manually used to categories, cluster and analyze the interview data (Miles & Huberman, 1984; Neuman, 1994; Zikmund, 1997; Sekaran, 2000).

4. FINDING RESULTS

The survey showed kinds of businesses, numbers of employees, type of goods and services, problematic issues of Thai respondents when importing and exporting to other countries. The proportions of sampling size were significantly dispersed as representative to all segments of Thai firms. The KMO and Bartlett's test was used to examine appropriation of data for using factor analysis. The result showed that the factorability was accepted, and there were significantly positive relationships between the variables which could group variables within a dimension. The results show that samplings are normal distribution, and it is significantly used as representative of the population.

Table 1 Gender of respondents

Gender	Percent
1. Male	55
2. Female	45
Total	100

Table 1 shows a gender of respondents. It represents that 55 and 45 percent of respondents are male and female respectively. It shows that samplings are normal distribution.

Table 2 Number of employees in respondents' companies

No of employees	Percent
1. Less than 50 persons	52
2. 51-200 persons	38
3. 201-500 persons	10
4. more than 501 persons	-
Total	100

Table 2 represents a number of employees in respondents' organizations. It reveals that 52 percent of logistics service providers (LSP) are small size or less than 50 employees, 38 percent is medium size or has 51 – 200 employees, and 10 percent is large size with 201-500 employees, respectively.

Table 3 Sizes of samplings

No of employees	Percent
1. Small (S)	59
2. medium (M)	32
3. Large (L)	8
Total	100

Table 3 represents size of sampling based on value assets. It shows that 59 percent of LSP is small size, 32 percent is medium size, and 8 percent is large size, respectively.

Table 4 Type of goods and services of logistics users

Type of Business	Percent
1. Agriculture	26
2. Manufacturing	39
3. Hi-Tech infrastructure investment and related business	19
4. Energy	11
5. Information Technology and Communications	6
6. Services sectors	5
7. Logistics services for international trade	4
Total	100

Table 4 shows type of goods and services of logistics users. It reveals that the greatest number of respondents or 39 percent is in manufacturing sector. As 26 percent is agriculture, 19 percent is Hi-Tech infrastructure investment and related business sector respectively. The questionnaires were distributed to other sectors, but there were few questionnaires to be returned in some sectors for example IT and service.

Table 5 Type of business for logistics service providers

Issues	Percent
1. Custom Brokers	15
2. Freight Forwarding Companies	29
3. Transport	38
4. Warehouse	16
5. Packaging	2
Total	100

Table 5 shows businesses of respondents. The greatest number or 38 percent is transport. As 29, 16 and 15 percent are freight Forwarding Companies, warehouse and custom brokers respectively.

Table 6 Awareness of adoption green logistics activities

Issues	Percent
1. Yes	28
2. Yes, but have not implemented in logistics activities	47
3. No, not at all	25
Total	100

Table 6 shows awareness for adopting green logistics strategy. The study shows that the greatest number of LSPs or 47 percent of them has awareness, but they have not implemented in their firms. As 28 percent of them identifies that they have been implementing green strategy in logistics activities. However, 25 percent reveals that they have not awareness for adopting green strategy in logistics activities.

Table 7 Awareness of CSR adoption in logistics activities

Issues	Percent
1. Yes	24
2. Yes, but have not implemented in logistics activities	39
3. No, not at all	37
Total	100

Table 7 shows awareness for adopting CSR in logistics activities. The study shows that the greatest number of LSPs or 39 percent reveals that they have awareness, but they have not implemented in their firms. As 24 percent of them identifies that they are aware of adoption CSR strategy in logistics activities. However, 37 percent reveals they have not awareness for adopting CSR strategy in logistics activities.

Table 8 Factors influencing to adoption of green and CSR in logistics activities

Issues	Percent
1. Company policy and regulations	35
2. Forces from industry and competition	22
3. Lack of motivation for implementing the programs	21
4. Unclear of processes and activities for implementation	16
5. Lack of knowledge and understanding	6
Total	100

Table 8 shows factors influencing to adoption of green and CSR in logistics activities. The greatest number or 35 percent is company policy and regulations. 22 and 21 percent of them identify those forces from industry and competition, and lack of motivation for implementing the programs.

Table 9 Benefits for adopting Green strategy in logistics activities

Issues	Percent
1. Public image of company	33
2. Improving efficiency	29
3. Reducing costs	18
4. improving service quality	14
5. Increasing responsiveness	6
Total	100

Table 9 shows benefits for adopting green in logistics activities. The greatest number or 33 percent is public image of company. As 29, 18 and 14 percent of them are improving efficiency, reducing costs and improving service quality respectively.

Table 10 Benefits for adopting CSR strategy in logistics activities

Issues	Percent
1. Public image of company	45
2. Improving efficiency	24
3. Reducing costs	14
4. improving service quality	10
5. Increasing responsiveness	7
Total	100

Table 10 shows benefits for adopting CSR strategy in logistics activities. The greatest number or 45 percent is public image of company. As 24, 14 and 10 percent of them are improving efficiency, reducing costs and improving service quality respectively.

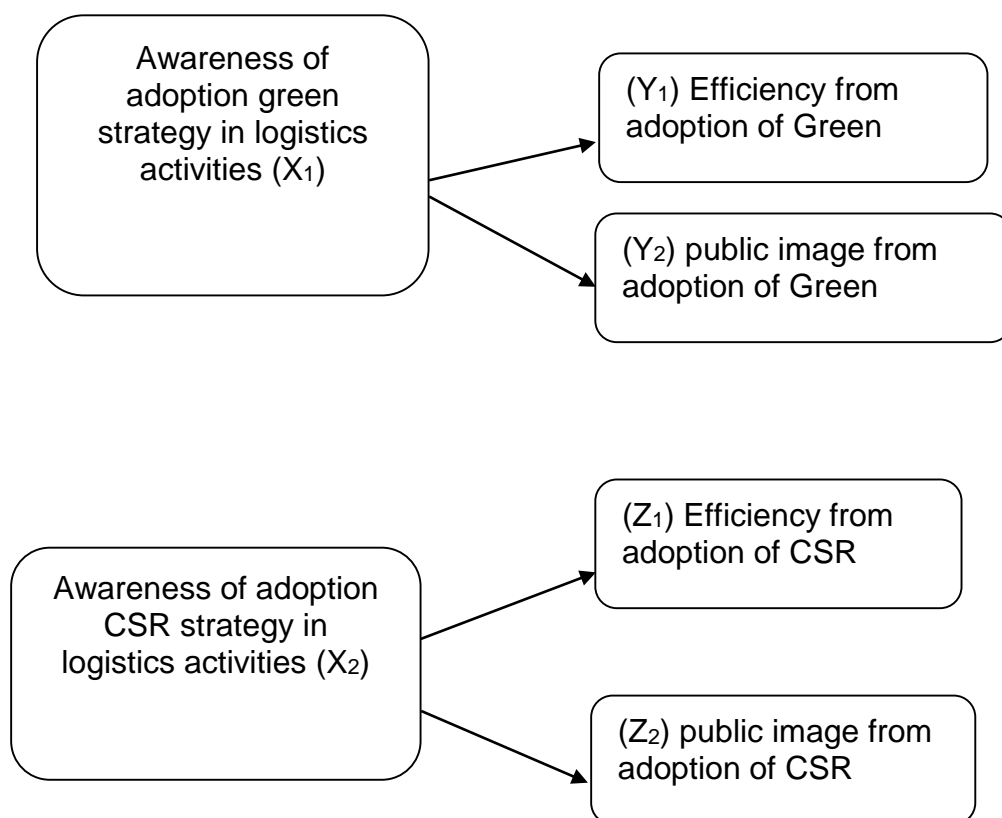


Figure 2 Hypothesis testing between awareness of adoption green and CSR strategy and efficiency and public image

Hypothesis testing

- Awareness of adoption green strategy in logistics activities (X_1) has significantly a relationship with improving efficiency of the organization (Y_1).
- Awareness of adoption green strategy in logistics activities (X_1) has significantly a relationship with increasing public image of the organization (Y_2).
- Awareness of adoption CSR strategy in logistics activities (X_2) has significantly a relationship with improving efficiency of the organization (Z_1).
- Awareness of adoption CSR strategy in logistics activities (X_2) has significantly a relationship with increasing public image of the organization (Z_2).

Table 11 Correlation between independent and dependent variables

Variable		Results	
Independent	Dependent	Sig.	Correlation Coefficient
X_1	Y_1	0.003	0.39
X_1	Y_2	0.002	0.55
X_2	Z_1	0.005	0.37
X_2	Z_2	0.000	0.68

Table 1 summarized the correlation between independent and dependent variables. The results showed that there is a significantly positive relationship between the variables. It reflected that these variables have influence on others to some degree.

In summary, the *main research finding* reveals that:

- Awareness of Thai LSP to adopting green strategy in logistics activities (X_1) has a significantly positive relationship with improving efficiency of the organization (Y_1).
- Awareness of Thai LSP to adopting green strategy in logistics activities (X_1) has a significantly positive relationship with increasing public image of the organization (Y_2). It has a high contribution (0.55) to build public image of organization. It has strongly positive correlation and influence on public mindsets. The LSP would increasingly focus and provide high priority on how to build awareness to top management and employees.

- Awareness of Thai LSP to adopting CSR strategy in logistics activities (X_2) has a significantly positive relationship with improving efficiency of the organization (Z_1).
- Awareness of Thai LSP to adopting CSR strategy in logistics activities (X_2) has a significantly positive relationship with increasing public image of the organization (Z_2). It has a high contribution (0.68) to build public image of organization. It has strongly positive correlation and influence on public mindsets. The LSP would increasingly focus and provide higher priority on how to build awareness to top management and employees.

6. DISCUSSION AND IMPLICATIONS

The result shows that Thai LSPs, which consists of transport, warehouse, freight forwarding, custom broker, provide low to lowest priority on 7G and CSR strategy adoption in logistics activities. The result reveals that the firms knew and understand for the 7G and CSR Strategy adoption, the strategies have not been integrating in their companies' vision and business operations. Furthermore, there are factors influencing to adoption of 7G and CSR strategy, for example, company policy and regulations, forces from intense competition and lacking of motivation for implementation of employees.

It reveals that adopting green and CSR strategy in logistics activities enhance efficiency of the organization. The logistics activities, for example warehouse, transport and packaging, would effectively design, reorganize and plan to reduce, reuse and recycle upstream and downstream materials through supply chain. As a result, firms can reduce costs down and increase efficiency in business operations. It also reveals that adopting green and CSR strategy in logistics activities increase positive perception on public image. Under global warming effect and public awareness, the strategies influence on public mindsets.

When considering to factors influencing to the adoption of green and CSR strategy, it shows that main forces come from top-down hierarchy, policy and organizational culture and external environments. First, factors related to top management and employee. It depends on attitude, motivation, knowledge, including understanding of top management and employees to implement 7G strategy. Secondly, organizational culture has influence to implement the strategy through company policy and culture, defining work processes and procedures. Finally, external environments cover forces of competition, supplier and customer complexity.

When considering to LSPs' awareness on the adoption of green and CSR strategy, it also reveals that there is low to lowest level of awareness. Because of size of sampling, most of sample is small and medium enterprises (SMEs). They are limited resource, knowledge and know how. Most of Thai LSP adopts green and CSR strategy in purchasing, transport and warehouse activities. Their objectives are improving business efficiency, reduce costs, increase service level. The strategies assist to reduce costs from using fuel, materials and energy in vehicle, scheduling vehicle, including defining vehicle routing, and pattern of packaging which can recycle or reuse.

It shows that awareness of Thai LSP to adopting green and CSR strategy in purchasing, transport and warehouse activities has significantly positive relationship with increasing public image of the organization. It has a strong contribution (0.55) to build public image of organization and influence on public mindsets. The LSP would increasingly focus and provide high priority on how to build awareness to top management and employees.

Greenhouse effect or global warming concept influences to customers' environmental awareness, 7G strategy is a critical success factor to push organization, consistent with world change. The 7G strategy covers green heart, green logistics, green corporate social responsibility, green community, green activities, green services, green supply chain. It integrates green and CSR activities to change modern business practice in coming decade.

7. CONCLUSION

The study points out that most of Thai logistics service providers provide low to lowest priority to adopt and integrate 7G strategy into company's vision and day-to-day business, in particular, logistics activities. Logistics managers state that the companies have not provided any program or unclear policy to implement 7G strategy in firm operations. However, some of them believe that 7G strategy integrates green and CSR strategy which is becoming a strategic tool to compete in dynamic businesses in this decade.

The paper also proposes management process model to facilitate LSPs for establishing 7G strategy by assessing environmental organization both internally and externally. Including factors related to green and CSR concepts impact to business operations. Establishing 7G team from stakeholders to design and implement the strategy and operating plans. It also includes methods and procedures how to evaluate and control output and outcome of implementation. Then setting a program to routinely encourage and change attitudes of employees and stakeholders in required directions through educating and learning process. Implementing the program for six months and then measuring performance after having implemented.

8. Future Research

The study usefully provides understanding on the issue of awareness of adoption green and CSR concept through 7G strategies. It would provide importance of 7G strategies to design and implementation. However, several issues need to be further researched to additionally generate more insight and understanding. First, the study states that factors are one of the most problematic issues in the 7G design and implementation phase. It needs to investigate what cause firms to lack care-taking of these factors and why. Secondly, it should investigate information technology's (IT) role is significantly playing to facilitate organizations in implementing 7G strategy more efficiently and effectively, but what is the status of IT adoption and what effects it has in facilitate design and implementation the 7G. Future research would examine on how

to implement the strategies in specific industry. Also identifying what factor is influencing to strategy implementation.

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