ABSTRACT

The objective of this model development is to assist Thai Small and Medium Enterprises (SMEs) improve their competences by suggesting the supply chain management (SCM) practices model. In order to validate model, both qualitative and quantitative data collection techniques will be employed to the research. Furthermore, structural equation modelling (SEM) approach and multivariate analysis is applied to analyse the quantitative data. The study focuses on three main processes of firm, which containing networks relationship management, manufacturing flow management and new product development. The rest of processes can be done lately with the framework proposed by this research in the future. The result from research offers a number of managerial implications such as (1) the construct of drivers, impediments and facilitators to SCM implementation which lead to firm’s performance, (2) the suitable model of SCM practice, focused on Thai SMEs environment and can be applied to other developing countries, (3) learning from successfully implemented SCM firms can be a stimulant to Thai SMEs to improve their competitive performance that directly resulting in sustainable growth of Thai economy.

KEYWORDS: Supply Chain Management, Supply Chain Management Practices, Structural Equation Modeling, Small and Medium Enterprises

INTRODUCTION

Supply chain management study has been of substantial importance since mid 1980s (Cooper et al., 1997) and recently has become topic of increasing interest to practitioners and academic researchers. The study are included the managing inter-organisational operations, system integration, partnership model and sharing information. While the goal of business is to meet customer needs better than competitors with the lower
resources usage, supply chain management (SCM) is designed to help business to achieve this goal. In order to implement SCM concept to one’s firm the number of firms involved in the supply chain and the activities and functions have to be identified in advance. This leads to the major three components of supply chain management concept (Jespersen and Skjott-Larsen, 2008) which is included network structure, business processes and management.

Small and Medium Enterprises (SMEs) are core business format of country (Stokes and Wilson, 2006, Tan et al., 2006). Thai SMEs create jobs and contribute to Thailand economic growth and enhance country’s rural development (Thailand Business News, 2010). SMEs have realised that good strategies are substantial in order to survive under current complex and competitive business environment with higher demanding customer to get better, cheaper and faster products and services (Thakkar et al., 2008a).

Regarding to SCM study relationship between SMEs and their performance in various countries (Thakkar et al., 2008b, Koh et al., 2007, Vaaland and Heide, 2007, Quayle, 2003), which conclusions that SMEs were (1) lack of proper SCM implementation such as technology and system application resulting in losing their competitive performance, (2) focusing on strategic supply chain can improve SMEs operational efficiency which leading to competitive advantage, (3) relationship management can be built by proper employing SCM. Some literature also conclude that SCM is not suitable to SMEs (Arend and Wisner, 2005) as SCM leading to lower firm’s performance and return on investment.

In the same way, most of Thai SMEs have been left behind the advancement of SCM implementation of performance such as cost, time and reliability (Bhanomyong and Supatn, 2011) due to the SCM concept is dealing with lots of Information Technology as well as collaboration under cooperative, openness and trust between supply chain member organisations. Thai SMEs are mostly reluctant to change and invest. According to the unfavourable Thai SMEs situation, Thai government organisation such as Department of Industrial Promotion, Ministry of Industry, have launched a number of trainings and support programmes about SCM to Thai SMEs but there had never been leading to suggest the suitable SCM practices model to Thai SMEs.

The purpose of this study is to determine the elements of SCM practices which leading to firm’s performance and empirically test a model of SCM practices suitable to SMEs in Thailand.

**RESEARCH METHODOLOGY**

To examine the SCM practice model, the following research methods will be conducted. Firstly, literature review about the factors in the model that positively related between SCM and firm’s performance will be identified. The list of SCM practices will be developed to an explicit interview in the next step. Then, an empirical study of SCM implementation by using semi-structure interview method for the qualitative purpose is conducted. Resulting from interview, mapping the practices and literatures will be framed as SCM practices for Thai SMEs. Next, a survey questionnaire, self-response, is deployed to validate the SCM practices and firm
performance model with Thai SMEs. Finally, the relationship between SCM practices and Thai SMEs performance will be investigated using Structural Equation Modelling (SEM) technique and multiple regression analyses to assess the relative impacts of SCM practices at different levels. Leading the knowledge of conclusion idea for SCM practices model suitable for Thai SMEs (Figure 2).

**Figure 2** Research methodology

**EXPECTED RESULT**

The result of this research will be advantageous for Thai SMEs in many aspects.

Firstly, as current firm’s rivalry is moving from individual to a network level, the more understanding and applying SCM to members of network will increase competitiveness for the whole. Thai SMEs should get crystal understanding of SCM practice in order to be an effective member of network. This research will summarise the major practices from current implemented firms and suggest a suitable SCM application for Thai SMEs to apply to their business.

Further, Thai SMEs can learn and understand the SCM concept and practices not only from successfully supply chain implemented firms in Thailand but also from previous researches conducted in other countries. The knowledge will help SMEs to enhance their competitive advantage.

Eventually, in the context of Thai SMEs, how far can SCM knowledge from established firms and academic research will be adapted and simplified to meet with their available resources. The more deepening SCM implementing in organisation the more resources required. The research is going to suggest a suitable level of SCM application to them according to their resources.
CONCLUSIONS

Today, the competition is not only exist in the local company but also international as well as competition among supply chain network. Thai SMEs who cannot response to change or late adjust with the new management concept will lose their key customers. This research provides model and recommendations to Thai SMEs in order to implement SCM to their company. Thus, result from the study will help Thai SMEs to identify their SCM practices implementation without trial and error. Finally, the result of suitable SCM practices will lead them to improve their performance that directly impact to the persistently growth of Thai economy.

REFERENCES


