FACTORS AFFECTING THE MANUFACTURING LOGISTICS PERFORMANCE INDEX OF SELECTED ASEAN COUNTRIES

THESIS

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ABSTRACT

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The increase in global trade volume between countries has caused logistics to perform a significant role in the economy, resulting in lower barriers to overseas trade. The ASEAN countries' logistics performances are independent of transportation infrastructure gross investment spending and other economic indicators. Empirical studies revealed the strong association between social indicators and logistics performance. However, the extent of the impact of the different economic and social indicators on logistics performance are still unclear in the context of the ASEAN countries. Thus, the conduct of the study examined the impact of economic and social indicators on ASEAN countries' logistics performance index (LPI). Data composed of economic indicators measured in terms of the GDP and growth rate and social indicators such as political risk, democracy index, and human development index, which were obtained from the databases of The World Bank (2021), the Economist Intelligence Unit (2021), and the United Nations Development Programme (2021). Panel data regression with Pooled OLS estimator was used for the econometric analysis.

The results revealed that the GDP and human development index positively affected logistics performance, while political risk and democracy index performed otherwise. Moreover, simultaneous results indicated that the human development index was crucial in determining the LPI scores of ASEAN countries would be high or low. Lastly, improvement in logistics performance and each of its components were strongly associated with ASEAN trade enhancement. Hence, the ASEAN member countries should focus on improving the quality of logistics services such as trucking,

forwarding agent, and customs brokerage. The LPI enables government, business, and civil society leaders to analyze the competitive advantage better than efficient logistics provides and comprehend the varying value of different intervention areas. Policymakers and commercial players must commit to long-term comprehensive reforms to achieve such persistent development.

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INTRODUCTION

Logistics is essential not only for a company's competitiveness but also for an industry's competitiveness. (Lee, Hong, & Hwang 2017). The origin and significance of consumption must be controlled through logistics management activities, including planning, executing, controlling alternate flows, and storing goods to attain customers' necessities. Policy measures directly impact a country's image as a business environment or foreign investments. Governments at similar performance levels may have substantially different ranks, especially in the middle and lower country income ranges. Moreover, companies, as well as nations, depend on logistics. Logistics networks ensure that transportation and storage challenges are correctly solved and that business and country economies are efficient at all times (Navickas, Sujeta, & Vojtovich 2011).

Between 2007 and 2018, when the LPI was created, ASEAN countries had LPI values of less than three every two years (3). It may be argued that ASEAN's logistics quality is still lacking. This also indicates that there are still barriers to international commerce and that chances to increase logistics performance in each ASEAN country