

Exploring the Perceived Benefits and Challenges of Small and Medium-Sized Enterprises in the Adoption of Third-Party Logistics (3PL)

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Abstract: *This study aims to explore the perceived benefits and challenges of small and medium-sized enterprises (SMEs) in the adoption of third-party logistics (3PL) services. The scope of the study is limited to SMEs and 3PL in Mabalacat City, Pampanga. A convenience sampling method was used to select the respondents. The data were collected through Likert scale with close-ended questions. The findings reveal that the key perceived benefits of 3PL adoption include cost reduction, improved efficiency, enhanced customer service, faster delivery, and access to advanced technologies. However, the study also identified several challenges faced by SMEs, such as communication issues, dependency concerns, data security concerns, service quality issues, and cost overruns. Also, the findings showed a relationship between the benefits and challenges of small and medium sized enterprises in the adoption of third-party logistics. The study highlights the importance of cost, reliability, technology, flexibility, and reputation in SMEs' selection of 3PL providers, showing that prioritizing these factors enhances the benefits like cost reduction and improved efficiency. Despite challenges, SMEs report satisfaction with 3PL services, underscoring the need for strategic decision-making in logistics operations.*

Keywords—Small Medium-Sized Enterprises (SMEs), Third-Party Logistics (3PL), Perceived Benefits, Perceived Challenges, Adoption

1. INTRODUCTION

3PL stands for Third-Party Logistics, which hires third-party companies to handle the logistics and supply chain management. It can help the business, optimize its operation, lower expenses, and focus on what they do best. 3PL offers services, including warehousing, transportation, inventory management, and order fulfillment. Engaging in 3PL can give companies more time and money to focus on creating products, advertising, and selling them. By hiring a 3PL to handle operations, companies can give their customers a smooth experience by delivering items quickly and correctly. It can help companies grow and stay competitive in today's market. According to the study of 3PL Central (2022), 90% of businesses use 3PL services to some extent. The study also found that the top three reasons businesses use 3PL services are to reduce costs, improve efficiency, and gain access to expertise. The evidence is clear that 3PL is a valuable service for businesses of all sizes. 3PL companies can help businesses

improve their supply chains, reduce costs, and focus on their core competencies. SME stands for Small and Medium-sized Enterprises. It is a generic term used to describe businesses that are smaller than large corporations with regards to total assets, employees count, and revenue. However, there is no single, universally accepted definition of an SME. Different countries and organizations use different criteria to define SMEs. In India, they are called MSMEs, which means Micro, Small, and Medium Enterprises, another common name except for SMEs was SME which stands for Small Medium-Sized Businesses/Companies. Lane and Williamson (2010) said that small businesses can offer lots of jobs, new ideas, and chances for people to start their businesses. Small businesses can be really important for a country's economy.

However, sometimes, small businesses find it hard to use new technology and new ways to communicate. However, with a new marketing method, small businesses have many chances to improve their marketing, Dahnil, Marzuki,

Langgat, & Fabeil, (2014). However, according to Ioanid, Deselnicu, and Militaru's research (2018i), even though there are lots of ways to market, small businesses often stick to traditional, private methods.

In the 1990s, Supply Chain Management (SCM) evolved, extending beyond logistics and becoming intricately linked to global economic integration. Integrated supply chain networks have become crucial for international trade, enhancing operational efficiency and organizational competitiveness. This evolution led to the emergence of third-party logistics companies (3PL), which specialize in logistics services. Companies outsource logistics to leverage the expertise of 3PL providers to reduce costs and improve supply chain efficiency. The shift toward 3PL allows businesses after outsourcing logistical activities, they should concentrate on their core skills.

The origins of the Third-Party Logistics (3PL) industry are not confined to a single country; rather, it is a global evolution that unfolded over time. The early roots of 3PL can be traced back to the United States in the early 1900s when it primarily focused on transportation services. However, it was not until the 1970s that 3PL providers began to expand their offerings to include warehousing and freight forwarding. The industry witnessed rapid growth during the 1980s and 1990s, driven by various factors such as the deregulation of the U.S. trucking industry, the expansion of global trade, and the emergence of e-commerce. These pivotal moments collectively shaped the 3PL landscape into the global industry we see today. The global Third-Party Logistics (3PL) industry has key players in various countries. In the United States, companies such as FedEx, UPS, and DHL lead the way. The United Kingdom hosts Panalpina and Kuehne + Nagel. Germany has Deutsche Bahn and DB Schenker, while Japan has Nippon Express and Kintetsu World Express.

China is growing fast in the 3PL market with SF Express and China Post Logistics. These countries play significant roles in the 3PL industry, shaping its development and growth worldwide.

The concept of 3PL services began to gain traction in the Philippines during the late 1990s and early 2000s. This coincided with the country's efforts to liberalize its economy and make it more accessible to outside capital, which will boost trade and business. One of the research studies of Logisticsbid (2018), an Airlift Asia Inc. started its airfreight forwarding 3PL business in Pasay City back in 1981. As one of the earliest logistics firm in the Philippines, they have become good at what they do in Manila. Over time, they have added more services like sea freight, warehousing, distribution, business process outsourcing, and the well-known express courier service called Black Arrow Express. They have built a strong reputation as one of the top logistics companies in the Philippines. There is no specific timeframe for when SMEs started, but they can start anywhere in the world if a country has a strong infrastructure, supportive government policies, and a culture of entrepreneurship tend to

have more successful SMEs. Small businesses, often referred to as SMEs, start in different ways. Some people begin from scratch, which means they create a new business from the beginning. This is tough but gives them a lot of control. They need a plan, money, and a team to get started. Others buy an existing business, which can be easier because they inherit the business's setup and customers, but they need to make sure it's a good fit for them. Another option is franchising, where entrepreneurs join an established business system. This can be less risky, but it can also be expensive, so choosing the right franchise is important. Understanding these ways to start SMEs is essential for exploring their role in the business world.

There is a research paper by Dr. Bayraktar and Dr. Algan (2019) pointing out the significance of Small and Medium-sized Enterprises (SMEs) in global economies is widely acknowledged. SMEs, which typically have 200 or fewer employees, make up the largest segment of businesses in every country. Consequently, governments worldwide are boosting their efforts to encourage and strengthen SME growth as a fundamental component of their national development strategies.

IPLF (2022) Small and medium-sized businesses (SMEs) plays a big role in helping the Philippines to grow. They do more than just make money; they also help bring new industries to different areas and provide jobs. When SMEs grow, they usually need more people to work for them, which is good for employment. It is clear that also SMEs provide job opportunities for people and help the Philippines grow its economy.

Premkumar, P. et.al, (2021) mentioned the growth of e-commerce is creating a growing demand for fast and reliable delivery services, particularly in the last mile. The increasing complexity of supply chains is making it more difficult for businesses to manage on their own. The rise of Emerging technologies like machine learning and artificial intelligence are opening up opportunities for TPL service innovation.. Third-party logistics providers can successfully adapt to these trends and meet the changing needs of their customers and will be well-positioned for success in the future. The article underscores the importance of last-mile delivery in the e-commerce era, the challenges posed by complex supply chains, and the potential for technology-driven innovation in TPL services. It signals that companies and TPL providers that can adapt to these trends will be better positioned for future success in the logistics industry.

On the other hand, Veda, A. (2023) pointed out that small enterprises in the Philippines encounter common hurdles when integrating logistics solutions. These challenges encompass the significant expenses associated with acquiring software, hardware, and personnel, insufficient infrastructure in rural areas, a lack of expertise in managing logistics, and regulatory constraints imposed by the government. Nonetheless, there are prospects to surmount these obstacles. Government-sponsored programs and incentives can alleviate the financial burden of implementation, and there are economical logistics solutions

available from various entities. Small businesses can also harness technology and digital tools to optimize their logistics operations and enhance efficiency. By capitalizing on these opportunities, small businesses in the Philippines can effectively adopt logistics solutions to sustain their competitiveness in a diverse and challenging business environment.

The research primarily focuses on the advantages and challenges that small and medium-sized enterprises face when incorporating third-party logistics (3PL) services into their operations. Several critical issues come to the forefront in this context. First, there is a need to address data limitations to ensure that the research findings are both comprehensive and applicable to small and medium-sized trading firms. Moreover, the study delves into the long-term implications of 3PL adoption, particularly in the context of the ongoing COVID19 pandemic, which has added new layers of complexity to logistics strategies and supply chain resilience. Incorporating quantitative data and conducting a meticulous risk assessment can provide a more robust research framework. Understanding the perspectives of the enterprises, their customers, and 3PL providers offers a more holistic understanding of the dynamics involved. Additionally, the study examines how 3PL adoption intersects with sustainability and technological innovation trends in logistics while also considering the regulatory complexities specific to small and medium-sized trading firms.

The study also emphasizes the significance of sector-specific knowledge and approaches for successful information technology integration for advanced logistics management. Another crucial factor is managing supplier relationships since it may result in cost savings, better product quality, and a more reliable supply chain. The research aims to provide beneficial guidance for small and medium-sized businesses looking to enhance their logistics strategies through 3PL adoption by addressing these tough concerns. This comprehensive research aims to navigate these companies through the complex and dynamic world of logistics solutions.

This study seeks to explore how small and medium-sized enterprises view the benefits and challenges of using third-party logistics (3PL) services. The researchers want to explore the perceived benefits and challenges that these companies think 3PL services can bring to make their operation smoother, including cost reduction, making customers satisfied, and letting them focus on what they do best. Second, the researcher seeks to identify the problems when encountering using 3PL services, such as how complicated it can be to fit 3PL into their systems, worries about losing control, struggles to find trustworthy 3PL providers, and the need to communicate and work well with them. Finally, our goal is to gauge the overall impact of 3PL service adoption on the performance and competitiveness of small and medium-sized trading firms. This entails an evaluation of key performance indicators (KPIs) such as cost reduction, inventory management, delivery times, customer satisfaction, and market expansion. By

fulfilling these objectives, the study aspires to furnish valuable insights into the adoption of 3PL services by small and medium-sized enterprises, aiding them in making well-informed decisions and refining their logistics strategies.

This study significantly contributes to our understanding of how small and medium-sized enterprises can benefit from and address challenges associated with the adoption of third-party logistics (3PL) services. It sheds light on the perceived advantages, such as operational optimization, cost reduction, and enhanced customer satisfaction, while also addressing the complexities of integrating 3PL into their operations, concerns about control, and the importance of reliable 3PL providers. Furthermore, it evaluates the overall impact of 3PL adoption, considering key performance indicators. Ultimately, this research offers valuable insights that can guide small and medium-sized enterprises in making informed decisions to enhance their logistics strategies, improve competitiveness, and navigate the dynamic logistics landscape effectively.

2. REVIEW RELATED LITERATURE

According to Gabriel, D. H. et al. (2022), stated that manufacturing industries used to have their own logistics department to transport their products and services. To reduce the cost and complexity, companies started hiring third-party logistics providers to do it for them. This study identifies that Third-Party Logistics faces some global challenges, 3PL needs to find out how they can deliver the products and services faster, invest in new technologies to lessen the costs and improve efficiency, and also be able to adapt to the changes in the industry. Thus, by addressing these challenges 3PL companies will succeed in the future and also their customers will benefit.

Darko, E.O. et al. (2022), pointed out that 3PL providers are improving to satisfy the needs of their customers. The customers want 3PLs to provide services other than logistics and warehousing. Customers want 3PLs to assist them in decision-making and providing customized services. It requires trust and collaboration to build a strong relationship between a 3PL provider and a customer. Additionally, when customers and 3PL providers work together and they openly share information this helps them to identify and resolve problems quickly and achieve their common goals effectively.

Baidoo-Baiden, S. A. (2022), proposed that the importance of effective 3PL relationship management was recognized by Stellar Logistics. The key to having a strong 3PL relationship includes trust, confidence, and commitment. The study identifies some challenges that need to be addressed such as not keeping records properly, lack of teamwork, and unexpected delays that can mess up the delivery of products to customers. Third-party logistics can help companies to grow into new markets, make their supply chain more efficient, and reduce costs. However, it is important to choose and evaluate 3PL partners and to manage the relationship effectively.

As stated by Kiprono, K. et al. (2021), explained Third-party logistics can help Eldoret's supermarkets in improving their supply chain performance. It found that all 3PL activities such as transportation, order fulfillment, distribution, and warehousing have a positive impact on supply chain performance. Order fulfillment was the most significant factor. In addition, the study suggests that supermarkets should build a relationship with customers and use a shorter distribution channel to improve their supply chain performance. Thus, adopting Third-party logistics improves supply chain efficiency, lower costs, and boosts customer satisfaction. Also, building relationships with customers can help supermarkets understand what customers need and want. Using shorter routes in delivering can save money and make deliveries faster.

Liu, C.-L., and Lee, M.-Y. (2018), the primary objective of this study is to explore the role of supply chain resilience (SCR) in business success, particularly for third-party logistics providers (3PLs). The study examines how different integration methods, SCR, and service performance interact. To achieve this, a conceptual model of these interactions is developed and evaluated. The research also identifies three fully mediating effects of customer integration on the relationships between internal collaboration and service performance, logistics collaborator integration and service performance, and logistics collaborator integration and SCR.

According to Zorbakhshnia, N. et al. (2018), the process of gathering and distributing goods from customers to producers and manufacturers backward is known as reverse logistics. In a world where environmental and ethical concerns are crucial for sustainable development, it offers a lot of financial benefits but also seems to be a must for businesses to remain competitive. As a result, an increasing number of business organizations prefer to hire third-party reverse logistics providers (3PRLPs) to handle their reverse logistics requirements.

Reverse logistics is the method of managing items, such as returns and end-of-life products, by collecting them from customers and distributing them to manufacturers for several purposes, like reuse, remanufacturing, or disposal. Businesses that want to remain competitive in a world where environmental and social responsibility are critical to sustainable development must adopt this strategy.

Consequently, Chu et al (2019), customer demand serves as a significant motivator for green innovation among 3PL suppliers. An organizational culture that leans towards control reduces the impact of this driving force, while a culture emphasizing flexibility enhances it. Green innovation strongly affects financial performance, with flexible orientations strengthening this impact and control orientations diminishing it. Customer decisions play a pivotal role in driving green innovation within third-party logistics (3PL) providers. The drive for environmentally friendly innovation is strengthened when a company's culture is responsive and flexible. A more control-oriented culture, on the other hand, tends to weaken

this motivation. Green innovation provides significant financial benefits, and organizations with a flexible culture benefit more from these breakthroughs, while those with a control-oriented culture benefit less.

In line, Zhou et al. (2023), the continuous digital transformation in logistics significantly enhances the financial and service performance of third-party logistics (3PL) firms by facilitating deeper collaboration with customers. Furthermore, government backing strengthens the positive influence of customer collaboration on service performance, although it does not have the same effect on financial performance. Moreover, moderated mediation analysis highlights that government support intensifies the beneficial indirect effect of digitalization on service performance through enhanced customer collaboration. It means that the fundamental shift within the logistics realm, highlighting the far-reaching impact of digitalization on third-party logistics (3PL) entities. This technological evolution not only augments financial and service performance but also significantly enhances collaborative bonds with customers. Furthermore, the interplay with government support underscores its role in advancing service quality through effective collaboration with customers, showcasing a dynamic synergy between the public sector and advancements in the industry.

Vlachos and Polichronidou (2023) analyze how 3PL played several roles in multidemand triads, including service developer, customer adaptor, and customer developer. The 3PL became a service developer by providing advanced services. As a customer adaptor, the 3PL provided customized services to acquire the client's trust. As a customer developer, the 3PL assisted its client in developing its operations and satisfying competitive needs. As an outcome, third-party logistics providers (3PLs) play three separate roles in multi-demand triads and these are the service developers, customer adaptors, and customer developers. They innovate to provide innovative services, customize solutions to win confidence, and actively support clients in expanding operations and satisfying strategic needs. These positions demonstrate 3PLs' versatility and flexibility in meeting varied customer needs.

Firas, R. (2023) states that this study explained many businesses, particularly small-medium enterprises, are using third-party logistics providers. This is because 3PL providers offer a variety of services, such as delivery, supply, warehousing, and transportation. This can help SMEs save money and improve their efficiency because they do not have to invest in their own logistics infrastructure. However, it is important to choose the right provider and consider the needs and goals of the business when choosing a 3PL provider.

Premkumar et al. (2020) mentioned the changing world of global and local markets for Third-Party Logistics (TPL) services, it's essential for users and providers of these services to proactively adopt effective plans, efficient methods, and modern technology. Staying updated with these improvements isn't merely beneficial; it's a fundamental requirement to succeed amidst the dynamic TPL services environment.

Zhao, K. (2018), determined that inadequate funding stands as a significant obstacle hindering the growth and effectiveness of supply chains. This predicament is especially prevalent among small and medium-sized enterprises (SMEs), limiting their operational decisions within the supply chain. The American National Small Business Association's (NSBA) 2017 survey underlines that 27% of small businesses face challenges in securing sufficient financial support (McCracken & Barrera, 2018). This issue extends globally, with countries like Argentina and Greece reporting 23.1% and 35.9%, respectively, of enterprises struggling due to limited access to finance (The World Bank, 2019). Although commercial bank loans are a common recourse for capital-constrained firms, the stringent credit history requisites, collateral demands, and complex application procedures pose substantial barriers for SMEs seeking such financial aid.

According to Yushang F., (2020), In response to these challenges, collaborating with business partners offering financing services proves effective in mitigating information gaps and risk management complexities faced by borrowers. Such partners possess an intimate understanding of borrowers, product values, and market dynamics compared to traditional banks. Third-party logistics providers (3PLs) have emerged as pivotal actors in supply chain operations, particularly in alleviating capital constraints for SMEs.

For instance, UPS Capital, a division of UPS, offers a range of financial services to UPS customers, including package insurance, cargo insurance, cargo financing, and small business loans. In international trade situations, companies facing financial constraints can apply for UPS Capital cargo financing loans. These loans provide an advance of up to 100% of the supplier's invoice amount, with a payment term of up to 90 days and no need for collateral (UPS Capital, 2019).

Another example involves Eternal Asia, a prominent Chinese third-party logistics (3PL) company serving supply chain businesses. To support the growth of small firms with financial limitations, Eternal Asia offers an integrated service encompassing distribution, sourcing, logistics, and financing for both suppliers and buyers across the supply chain. To simplify transactions for buyers, Eternal Asia acts as an intermediary, managing product delivery directly from suppliers to buyers' warehouses. This arrangement allows buyers to settle payments with Eternal Asia upon receiving products from the warehouses, rather than directly with suppliers. Leveraging their expertise in information gathering, industry knowledge, and access to cost-effective funding, certain large-scale 3PLs have evolved into pivotal players in orchestrating supply chains. While 3PLs indeed offer multifaceted benefits to supply chains, this study distinctly highlights their crucial role in alleviating capital constraints within these intricate networks. Through a meticulous examination of contract designs governing ordering and transportation, alongside diverse financing approaches, we emphasize the efficiency enhancements stemming from 3PL-backed financing. Furthermore, we derive the circumstances

that prove advantageous for all stakeholders in the supply chain, ensuring the sustainability of this financing service.

In the study conducted by Robas et al. (2022), in today's digital age, the e-commerce sector is undergoing a significant surge, demanding efficient and prompt service to meet the ever-heightening customer expectations. Third-party logistics (3PL) companies have stepped up to this challenge, establishing themselves as key contributors to meeting these rising demands. With the intense competition in this sphere, 3PL firms not only provide fast and reliable services but also ensure cost-effectiveness. This research focuses on assessing the indispensable role played by 3PL service providers and evaluating their tangible contributions within the dynamic online retail landscape of the Philippines. An in-depth analysis encompassing factors like service costs and delivery precision illuminate areas where 3PL companies can optimize their strategies and operations to remain competitive and pertinent. With the cost of service emerging as a predominant factor, this study emphasizes the need to reevaluate cost strategies to sustain competitiveness and provide value to businesses and consumers alike. Additionally, prioritizing service excellence is vital for nurturing client loyalty and establishing enduring collaborations in this swiftly evolving digital retail domain.

According to Evangelista, et. al. (2018) they identified five main topic areas in the literature: 1. Environmental performance measurement and evaluation 2. Environmental management practices 3. Green transportation 4. Green warehousing 5. Green packaging the authors also identified a number of research gaps and suggested future research directions. Overall, the study provides a valuable overview of the state of research on environmental sustainability in 3PLs. The authors' findings suggest that this is a growing area of research, and there is still much to learn about how 3PLs can reduce their environmental impact. The study's findings are relevant to both 3PLs and their customers. 3PLs can use the findings to identify ways to reduce their environmental impact and improve their sustainability performance. Customers can use the findings to select 3PLs that are committed to environmental sustainability. The study's findings also have implications for policymakers. Policymakers can use the findings to develop policies and programs that support environmental sustainability in the logistics sector.

The study by Evangelista et al. (2018) the paper offers a well-structured and informative analysis of environmental sustainability within third-party logistics (3PLs), providing valuable insights for practitioners and policymakers alike. Additionally, Durst and Evangelista (2018) conducted a study on knowledge management (KM) practices among 3PLs, revealing that while some firms have implemented KM strategies, they have not fully harnessed its potential. Their research highlights a correlation between the type of 3PL company and the sophistication of KM tools employed. The authors identify a gap in understanding the strategic role of KM in the logistics sector, advocating for further investigation

into the benefits of KM adoption and the barriers hindering its implementation.

The study's findings suggest that 3PLs have a lot to gain from adopting KM practices. KM can help 3PLs to improve their efficiency, customer service, and innovation capabilities. The study also suggests that 3PLs need to tailor their KM practices to their specific needs. For example, large and complex 3PLs may need more sophisticated KM tools than smaller and less complex 3PLs. The study's findings have implications for both 3PLs and academics. 3PLs should use the findings to assess their current KM practices and to identify areas for improvement. Academics should use the findings to develop new theories and frameworks for KM in the logistics industry. The study by Durst and Evangelista (2018) is a well-written and informative paper that provides valuable insights into KM in 3PLs. The study's findings have important implications for both practitioners and academics. 3PLs are not yet using knowledge management (KM) to its full potential. KM can help 3PLs to be more efficient, provide better customer service, and be more innovative. However, 3PLs need to tailor their KM practices to their specific needs. This study is important because it helps us to understand the role of KM in the logistics industry and how 3PLs can use KM to their advantage.

Afum et al. (2021) found out that logistics outsourcing can help companies improve their competitiveness and performance. In particular, it can help companies to reduce costs and deliver products to customers on time. However, it is important to note that customer performance does not have a direct impact on financial performance. This means that companies also need to focus on other factors, such as product quality and customer service, to improve their financial performance. The study's findings are particularly relevant to managers in emerging countries, where companies often face challenges such as limited resources, infrastructure, and expertise. Logistics outsourcing can help these companies to overcome these challenges and improve their competitiveness. They suggest that further research is needed to understand the specific challenges and opportunities that emerging country companies face when outsourcing their logistics operations.

Lee and Ha (2023) examined how the relationships between logistics outsourcing partners affect the effectiveness of logistics, with a particular emphasis on crisis management logistics. They discovered that: The degree of commitment of logistics outsourcing partners was positively impacted by the quality of alternatives, or the quantity and caliber of other logistics outsourcing providers accessible. While it did not significantly affect logistics performance, the level of dedication exhibited by logistics outsourcing partners positively impacted their level of satisfaction. There was a proportionate association between logistics performance and the level of satisfaction of logistics outsourcing partners. The impact of outsourcing relationships in logistics on the performance of logistics during crises is not well covered in the literature, according to the authors. They believe that

considering the particular difficulties supply chains face during crises, it may be necessary to refute current theories on the subject. The study's conclusions have major implications for scholars and professionals alike. The study indicates that more research on the function of logistics outsourcing relationships in crises is necessary, at least for researchers. According to the report, it is crucial for practitioners to concentrate on developing trusting bonds with logistics outsourcing partners since doing so can enhance performance and satisfaction, particularly during emergencies. Put more simply, the study discovered that while relationships between logistics outsourcing partners play a significant role in determining logistics performance during crises, they are not the only ones that matter. Companies should also focus on building strong and mutually beneficial relationships with their logistics outsourcing partners.

Finally, Oeser (2020) investigates the logistics service user (LSU) selection criteria for logistics service providers (LSPs) in Germany. The author uses principal component analysis (PCA) to identify eight underlying dimensions of LSU criteria, which are: Costperformance ratio Operational collaboration, Quality, Locations, Flexibility, Reliability, Technology, and Innovation the author then uses cluster analysis to identify nine different LSU groups based on their selection criteria. The the two largest groups, which make up 43.5% of the sample, are relatively price-sensitive and not very demanding in terms of other criteria. The other groups have more specific needs, such as a focus on operational collaboration, quality, or locations. The author argues that LSPs can benefit from understanding the different LSU groups and their selection criteria. This information can help

Oeser's (2020) study presents a well-articulated and informative analysis that sheds light on how Logistics Service Providers (LSPs) can effectively classify and target customers, enhance core competencies, and foster successful logistics-outsourcing relationships. The study's insights align with previous research on Logistics Service User (LSU) selection criteria, but its unique focus on Germany adds novel and significant contributions. The findings underscore the critical importance of understanding the specific needs of different LSU segments. LSPs capable of customizing their services to meet these distinct needs are more likely to achieve success. The implications of this study are pertinent for both LSPs and LSUs. LSPs can utilize these findings to deepen their understanding of customer requirements and refine service offerings accordingly. Conversely, LSUs can leverage the findings to identify LSPs that best align with their specific logistical needs and expectations.

3. CONCEPTUAL FRAMEWORK

It is the skeletal framework of the whole study where in the IPO model (input process-output) was used to discuss the SOP under input while in the process researchers used survey questionnaires to gather information and lastly, the output which are the results that come from the respondents.



3.1 Benefits

3.2 Challenges

4. How does using 3PL services help small and medium-sized enterprises improve the overall performance of the company?
5. Is there a significant relationship between the factors that need to be considered when choosing third-party logistics (3PL) and benefits that small and medium-sized enterprises experienced when using 3PL?

5. THE HYPOTHESIS OF THE STUDY

Null Hypothesis (H0)

There is no significant relationship between the factors that need to be considered when choosing third-party logistics (3PL) and benefits that small and medium-sized enterprises experienced when using 3PL.

Alternative Hypothesis (H1)

There is a significant relationship between the factors that need to be considered when choosing third-party logistics (3PL) and benefits that small and medium-sized enterprises experienced when using 3PL.

6. SIGNIFICANCE OF THE STUDY

This study helps to increase and broaden readers' knowledge about small-medium enterprises in the adoption of third-party logistics. The research aims to inform and enhance the understanding of other researchers in conducting their studies and to prepare students for their research endeavors. The importance of this study lies in maintaining and comprehending the benefits and challenges of third-party logistics adoption among small medium enterprises. This study benefits the following:

SME owners - this research equips them with the knowledge needed to make informed decisions regarding the adoption of 3PL services.

Third-Party Logistics (3PL) - this study provides insights into the specific needs and preferences of SMEs in the context of logistics services.

Employees - This study provides efficiency and competitiveness through 3PL adoption, which can contribute to employee job security.

To Future researchers - this study serves as a foundational piece of research, inspiring further exploration into the dynamics of 3PL adoption in various industries and regions. It offers useful reference material, methodological insights, and chances for furthering our understanding of logistics and supply chain management, which benefits the academic community and the subject of study.

To Students – It can serve as a valuable reference and source of inspiration for students looking to gain a deeper

4. STATEMENT OF THE PROBLEM

General Problem The main problem that the researchers aim to address through this study is what are the benefits and challenges of small and medium-sized enterprises in the adoption of 3PL in Mabalacat City.

Specific Problem

1. What are the characteristics of small and medium-sized enterprises in Mabalacat City, Pampanga, in terms of:
 - 1.1 Company Size
 - 1.2 Number of Years in Operation
 - 1.3 Industry Type
 - 1.4 Logistic Provider
2. What are the factors that small and medium-sized enterprises consider when choosing a third-party logistics (3PL) provider in terms of: Factors:
 - 2.1 Cost
 - 2.2 Reliability
 - 2.3 Technology
 - 2.4 Flexibility
 - 2.5 Reputation
3. What are the perceived benefits and challenges that small and medium-sized enterprises have experienced when using 3PL services in terms of:

understanding of 3PL adoption in small and medium-sized enterprises.

7. METHODOLOGY OF THE STUDY

The researchers will use a descriptive correlational research design, a scientific methodology involving the observation and description of a phenomenon, situation, or population. This choice will be made to clarify or validate hypotheses or objectives related to small and medium-sized enterprises. The descriptive design will ensure that the gathered information from the study's examination is both effective and provides significant data.

8. INSTRUMENT AND PROCEDURES

The researchers will use a self-structured survey questionnaire to gather information and data from the respondents. The questionnaire will employ a Likert scale method with close-ended questions to be answered by the selected respondents. It will be divided into two parts. The first part will consist of the demographic information of the company, including company size, company age, industry type, and logistic provider. On the other hand, the second part will comprise questions that will help the researchers gain an in-depth understanding of the benefits and challenges faced by SMEs in adopting third-party logistics (3PL).

To ensure the reliability of the questionnaire, a reliability test was conducted, which involved administering the questionnaire to a sample consisting of a total of 15 respondents from SMEs and 5 respondents from 3PLs. The purpose of this test is to evaluate the consistency and stability of the questionnaire's results.

Table 1. Summary of the Reliability Test

Variables	Number of Item	Cronbach's Alpha	Reliability Level	Overall
Choosing a 3PL Provider	5	0.93	EXCELLENT	GOOD
Perceived Benefits of 3PL Adoption	5	0.75	ACCEPTABLE	
Perceived Challenges of 3PL Adoption	5	0.92	EXCELLENT	
Overall Performance Improvement	1	1	EXCELLENT	

The reliability analysis conducted on the questionnaire revealed positive results. The variables measured, including Choosing a 3PL Provider, Perceived Benefits of 3PL Adoption, Perceived Challenges of 3PL Adoption, and Overall Performance Improvement. This suggests that the items within each variable consistently measure the intended constructs. Overall, the questionnaire exhibited a good level of reliability, indicating that the measurements obtained from the respondents are dependable.

Furthermore, the research questionnaire was validated by professionals who reviewed the questionnaire and provided feedback to ensure that the questionnaire is clear, and relevant to the research objectives.

Industry Type	Frequency	Percent
1 (Manufacturing)	7	23%
2 (Wholesale or Distribution)	8	27%
3 (Retail)	12	40%
4 (Service)	2	7%
5 (Other)	1	3%
Total	30	100%

9. RESULTS AND DISCUSSION

This chapter presents the collected data, the results of the statistical analysis, and the interpretations of the findings. It aims to provide insights relevant to the study issues through an in-depth examination.

Small and Medium-Sized Enterprises (SMEs)

1. What are the characteristics of small and medium-sized enterprises in Mabalacat City, Pampanga, in terms of:

1.1 Company Size

Table 1.1 Frequencies for Company Size

Company Size	Frequency	Percent
1 (Very Small)	22	73%
2 (Small)	6	20%
3 (Medium)	2	7%
Total	30	100%

The table above shows the characteristics of the selected companies in Mabalacat City, Pampanga in terms of company size. As presented, most of them have very small company sizes, with a frequency of 22 (73%). Meanwhile, 6 (20%) are under small company size and another 2 (7%) are under medium size company category.

1.2 Number of Years in Operation

Table 1. 2 Frequencies for Number of Years in Operation

Number of Years in Operation	Frequency	Percent
1 (Less than 1 year)	11	37%
2 (1 – 5 years)	15	50%
3 (6 – 10 years)	3	10%
4 (More than 10 years)	1	3%
Total	30	100%

The table above shows the characteristics of the selected companies in Mabalacat City, Pampanga in terms of number of years in operation. As presented, 15 (50%) are operating for 1 – 5 years. 11 (37%) are already operating for less than a year, 3 (10%) are 6 – 10 years in operation, and only 1 (3%) company is operating more than 10 years.

1.3 Industry Type

The table above shows the characteristics of the selected companies in Mabalacat City, Pampanga in terms of industry type. As presented, 12 (40%) have under retail industry type. On the other hand, 8 (27%) are under wholesale or distribution, 7 (23%) are manufacturing types, 2 (7%) are service types of industry and only 1 (3%) mentioned other industry types.

Table 1.4 Frequencies for Logistic Provider

Logistic Provider	Frequency	Percent
1 (J&T)	25	84%
2 (LBC)	4	13%
3 (DHL)	0	0%
4 (Others)	1	3%
Total	30	100%

1.4 Logistic Provider

The table above shows the characteristics of the selected companies in Mabalacat City, Pampanga in terms of service providers. As presented, 25 (84%) stated that their service provider is J&T, 4 (13%) mentioned LBC, and 1 (3%) mentioned other service providers.

2. What are the factors that small and medium-sized enterprises consider when choosing a third-party logistics (3PL) provider in terms of factors:

2.1 Cost

The table above shows the factors that small and medium-sized enterprises consider when choosing a third-party logistics (3PL) provider in terms of cost. As presented, it obtained a mean of 4.00, which was interpreted as agree. This implies that most respondents are convinced that cost is one of the things that needs to be considered in choosing 3PL. In

choosing third-party logistics (3PL) it is important to consider the cost of service. According to Rajesh Gupta, et. al., (2011) The Indian 3PL market is projected to experience substantial growth in the coming 5-7 years, with affordable prices as a pivotal factor. The emphasis lies on selecting 3PL providers offering competitive pricing. The onus is on these providers to deliver quality services at affordable rates to sustain market momentum.

2.2 Reliability

Table 2.2 Descriptive Statistics

	Mean
Reliability	4.23

The table above shows the factors that small and medium-sized enterprises consider when choosing a third-party logistics (3PL) provider in terms of reliability. As presented, it obtained a mean of 4.23, which was interpreted as agree. This implies that most respondents are convinced that reliability is one of the things that needs to be considered in choosing 3PL. Reliability is also an important factor to be considered as SMEs when choosing the best logistic provider. In the study of Muhamad Mirfak Arfan and Romadhani Ardi (2021) they stated the significance of selecting and evaluating third-party logistics (3PL) providers, particularly highlighting the criticality of reliability in the decision-making process. While past research has traditionally emphasized criteria such as price, quality, and service, the contemporary landscape demands a renewed focus on reliability. Reliability ensures consistent performance and dependability in meeting the needs of the supply chain.

2.3 Technology

The table above shows the factors that small and medium-sized enterprises consider when choosing a third-party logistics (3PL) provider in terms of technology. As presented, it obtained a mean of 3.99, which was interpreted as agree. This implies that most respondents are convinced that technology is one of the things that needs to be considered in choosing 3PL. While reviewing the literature on techniques and role of technology in SME durability, we came across various studies that focused on developing creative business models, communication methods, and implementing digital marketing. They suggested that small-medium sized enterprises should design distinct strategies for communication for different client groupings, Mishrif, A., & Khan, A. I. (2023)

2.4 Flexibility

Table 2.4 Descriptive Statistics

	Mean
Flexibility	4.17

The table above shows the factors that small and medium-sized enterprises consider when choosing a third-party logistics (3PL) provider in terms of flexibility. As presented, it obtained a mean of 4.17, which was interpreted as agree. This implies that most respondents are convinced that flexibility is one important factor in choosing 3PL. According to Kubli, M., & Canzi, P. (2021), being flexible is one important in small-medium sized enterprises, also a flexibility is viewed as a possible approach to help integrate solar and wind power into the energy system. While the solution is generally recognized, little research has been conducted into the components required for business success. This study uses a simulation model to analyze the long-term business dynamics of flexibility aggregators.

2.5 Reputation

Table 2.5 Descriptive Statistics

	Mean
Reputation	4.13

The table above shows the factors that small and medium-sized enterprises consider when choosing a third-party logistics (3PL) provider in terms of reputation. As presented, it obtained a mean of 4.13, which was interpreted as agree. This implies that most respondents are convinced that reputation is one important factor in choosing 3PL. These findings signify that reputation is also one important factor when using thirdparty logistics. The significance of small and medium-sized enterprises and their role in the economic development of both Poland and Europe is highly evident. As a result, enhancing their reputation can serve as a valuable revenue stream, benefiting not only the enterprises but also contributing significantly to the country's economic growth, Bogdan Wierzbinski 2020.

3. What are the perceived benefits and challenges that small and medium-sized enterprises have experienced when using 3PL services in terms of:

3.1 Benefits

Table 3.1 Perceived Benefits

Benefits	Mean	STD	Interpretation
Cost Reduction	3.43	1.14	Neutral
Improved Efficiency	4.03	1.03	Agree
Enhanced Customer Service	4.13	1.07	Agree
Fast Delivery	4.07	1.05	Agree
Access to Advance Technology	3.73	1.08	Agree
Overall Mean	3.88	1.09	Agree

The table above shows the perceived benefits that small and medium-sized enterprises have experienced when using 3PL services. As presented, the benefits are cost reduction which obtained a mean of 3.43, improved efficiency with a mean of 4.03, and enhanced customer service with a mean of 4.13, fast delivery which obtained a mean of 4.07, and access to advanced technology with a mean of 3.73. Overall, items obtained a grand mean of 3.88, interpreted as agree. This means that most respondents are convinced that the mentioned benefits are indeed reflecting their experiences when using 3PL services. Small and Medium-Sized Enterprises prioritizes the benefits that they could get or experience when using third-party logistics. According to Mafini and Omoruyi (2015), Small and medium enterprises (SMEs) play a vital role in any economy, but to maintain their contribution, they must implement effective strategies across all business functions, including logistics. The study highlighted the benefits of third-party logistics including enhanced competitive advantage, increased sales, and reduced operational costs, which has similarities in terms of benefits in this study.

3.2 Challenges

Table 3.2 Perceived Challenges

Challenges	Mean	STD	Interpretation
Communication Issues	3.10	1.18	Neutral
Dependency Concern	3.03	1.10	Neutral
Data Security Concern	3.37	1.16	Neutral
Service Quality Issues	3.50	1.28	Agree
Cost Overruns	3.17	1.12	Neutral
Overall Mean	3.23	1.17	Neutral

The table above shows the perceived challenges that small and medium-sized enterprises have experienced when using 3PL services. As presented, the challenges are cost communication issues which obtained a mean of 3.10, dependency concern with a mean of 3.03, data security concern with a mean of 3.37, service quality issues which obtained a mean of 3.50, and cost overruns to advance technology with a mean of 3.17. Overall, items obtained a grand mean of 3.23, interpreted as agree. This means that most respondents are impartial that the mentioned challenges are indeed reflecting their experiences when using 3PL services. In other words, they sometimes experience these challenges and sometimes not. Challenges that are being experienced by small and medium-sized enterprises when they use third-party logistics are needed to address for them to work efficiently. As stated in the study of Gabriel et al. (2022) they highlighted the global challenges for Third-Party Logistics (3PL) including the need for faster delivery, investment in new technologies for cost reduction and efficiency enhancement, and adaptability to industry changes. Addressing these challenges is key for 3PL companies to thrive in the future, thereby benefiting their customers.

4. How does using 3PL services help small and medium-sized enterprises improve the overall performance of the company?

Table 4.1 Descriptive Statistics

Overall Performance of the Company	
Mean	4.07

The table above shows the assessment of respondents regarding the aid of 3PL services to improve overall performance of the company. As presented, they obtained a mean of 4.07, which was interpreted as satisfied. This implies that most of them are satisfied in their assessment. In other words, they believed that 3PL services help them to improve their overall performance. According to Prinsloo and Luke (2018), Third-Party Logistics Services (3PL) have the potential to enhance the performance of small and medium-sized enterprises (SMEs). Their study suggests that the established relationship and derived logistics outsourcing model provides valuable guidance for SME managers seeking performance improvements through outsourcing logistics. The discovery of a positive indirect impact of logistics outsourcing on the performance of manufacturing SMEs underscores the importance of this strategy. This theoretical contribution underscores the potential of logistics outsourcing to markedly enhance SME performance, emphasizing the critical need for efficient management of this process to achieve optimal outcomes.

5. Is there a significant relationship between the factors that need to be considered when choosing third-party logistics (3PL) and benefits that small and medium-sized enterprises experienced when using 3PL?

Number of Years in Operation	Frequency	Percent
1 (Less than 1 year)	1	7%
2 (1 – 5 years)	9	60%
3 (6 – 10 years)	2	13%
4 (More than 10 years)	3	20%
Total	15	100%

The table above shows the correlation between the factors that need to be considered when choosing third-party logistics (3PL) and benefits that small and medium-sized enterprises experienced when using 3PL, using Pearson's r correlation coefficient. As presented, it obtained an r value of 0.63 which falls on moderate positive correlation and a p value of less than .001. This means that there is a moderate positive significant relationship between the mentioned variables. In other words, the more companies are considering factors in choosing 3PL, the more they can benefit from them. The results agreed to the study of Han, Ying (2012) where the results underscore key factors influencing 3PL usage and highlight the importance of understanding market trends for both providers and users. Providers must be cognizant of efficient service offerings and anticipate future requirements to align their capabilities accordingly. Furthermore, the experiences shared by

companies in this study offer valuable insights into the benefits of current developments and strategies to address potential challenges in the future.

Third-Party Logistics (3PL)

1. What are the characteristics of small and medium-sized enterprises in Mabalacat City, Pampanga, in terms of:

1.1 Company Size

Table 1.1 Frequencies for Company Size

Company Size	Frequency	Percent
1 (Very Small)	9	60%
2 (Small)	3	20%
3 (Medium)	3	20%
Total	15	100%

The table above shows the characteristics of the selected companies in Mabalacat City, Pampanga in terms of company size. As presented, most of them have very small company sizes, with a frequency of 9 (60%). Meanwhile, 3 (20%) are under small company size and another 3 (20%) are under medium size company category.

1.2 Number of Years in Operation

Table 5.1 Pearson's Correlations				
			r ²	p-value
Factors	-	Benefits	0.63	<.001
Legend – 0.05 Level of Significance				

The table above shows the characteristics of the selected companies in Mabalacat City, Pampanga in terms of number of years in operation. As presented, 9 (60%) are operating for 1 – 5 years. 3 (20%) are already operating for more than 10 years, 2 (13%) are 6 – 10 years in operation, and only 1 (7%) company is operating less than a year.

1.3 Geographic Scope

Geographic Scope	Frequency	Percent
1 Regional	8	53%
2 National	3	20%
3 International	3	20%
Total	15	100%

The table above shows the characteristics of the selected companies in Mabalacat City, Pampanga in terms of geographical scope. As presented, 8 (54%) its scope is local. 3 (20%) its scope is national, 2 (13%) is for regional, and another 2 (13%) is for international.

1.4 Primary Industries Served

Table 1.4 Frequencies for Primary Industries Served

Industry Type	Frequency	Percent
2 (Whole and Distribution)	3	20%
3 (Retail)	1	7%
4 (Service)	7	47%
5 (Other)	4	26%
Total	15	100%

The table above shows the characteristics of the selected companies in Mabalacat City, Pampanga in terms of industry type that 3PL primarily served. As presented, 7 (47%) have an under-service industry type. On the other hand, 4 (26%) are under other industry types. 3 (20%) are whole and distribution type and only 1 (7%) company is under retail.

1.5 3PL Services Provider

Table 2.2 Descriptive Statistics

	Reliability
Mean	4.07

The table above shows the characteristics of the selected companies in Mabalacat City, Pampanga in terms of service they provide. As presented, 9 (60%) stated that they provide services such as freight forwarding. 2 (13%) are warehousing, another 2 (13%) provide other services, 1 (7%) company provides transportations and another 1 (7%) company provides inventory management.

1.6 Company Name

The table above shows the characteristics of the selected companies in Mabalacat City, Pampanga in terms of company name of 3PL. As presented, 6 (40%) is the J&T. 5 (33%) are LBC, and 1 (7%) is the DHL.

2. What are the factors that small and medium-sized enterprises consider when choosing a third-party logistics (3PL) provider in terms of factors:

2.1 Cost

Table 2.1 Descriptive Statistics

	Cost
Mean	4.27

The table above shows the factors that small and medium-sized enterprises consider when choosing a third-party logistics (3PL) provider in terms of cost. As presented, it obtained a mean of 4.27, which was interpreted as agree. This implies that most respondents are convinced that cost is one of the things that needs to be considered in choosing 3PL. These days, all companies use Third-Party Logistics to handle shipments, allowing them to focus on their primary areas of growth rather than logistics. To reduce the cost, companies started hiring third-party logistics providers to do it for them, Gabriel, D. H. et al. (2022). The findings from the table align with the related literature, this shows that small and medium-sized enterprises prioritize cost when choosing a 3PL provider. It allows them to focus on core business areas while minimizing logistical costs.

Table 1.5 Frequencies for 3PL Services Provider

3PL Services Provider	Frequency	Percent
1 (Transportation)	1	7%
2 (Warehousing)	2	13%
3 (Freight Forwarding)	9	60%
4 (Inventory Management)	1	7%
6 (Others)	2	13%
Total	15	100%

The table above shows the factors that small and medium-sized enterprises consider when choosing a third-party logistics (3PL) provider in terms of reliability. As presented, it obtained a mean of 4.07, which was interpreted as agree. This implies that most respondents are convinced that reliability is one of the things that needs to be considered in choosing 3PL. In logistics and delivery, reliability is crucial. Issues such as delays, mistakes, or supply chain interruptions can impact your business and its commitment to customer service. Therefore, it's essential to choose a 3PL partner with an excellent reputation, a demonstrated history of reliability, and a strong commitment to meeting deadlines. Dependall Ltd (2023). Thus, the table above and article both stress that reliability is important for a 3PL provider. A dependable partner with a good track record is essential for smooth logistics and happy customers. So, reliability is one of the key factors to consider when choosing a 3PL provider.

2.3 Technology

Table 2.3 Descriptive Statistics

	Technology
Mean	4.47

The table above shows the factors that small and medium-sized enterprises consider when choosing a third-party logistics (3PL) provider in terms of technology. As presented, it obtained a mean of 4.47, which was interpreted as agree. This implies that most respondents are convinced that technology is one of the things that needs to be considered in choosing 3PL. Modern logistics companies use fancy tech tools to make shipping and order fulfillment faster and easier for businesses. Technology like GPS, barcodes, and even robots have transformed how logistics works. This article explores how these advancements make things more efficient for both logistics companies and the businesses they serve, Raja, R. et al. (2022). Therefore, technological advancements especially in logistics can lead to enhanced efficiency and improved outcomes for logistics companies and the businesses they serve. Therefore, it is one of the important factors to be considered.

2.4 Flexibility

The table above shows the factors that small and medium-sized enterprises consider when choosing a third-party logistics (3PL) provider in terms of flexibility. As presented, it obtained a mean of 4.27, which was interpreted as agree. This implies that most respondents are convinced that flexibility is one important factor in choosing 3PL. Using a 3PL company gives your business more freedom and room to grow. You get to pick which delivery service you use for each shipment, whenever you need it. This lets you handle multiple orders at once, even if each order requires a different delivery solution based on its specific needs, Rayev, K. (2023). The article describes how 3PLs enable businesses to pick specific delivery services for each shipment and handle multiple orders with different needs. This aligns perfectly with the concept of flexibility highlighted in the table (mean of 4.27 signifying agree).

Table 2.5 Perceived Challenges

Challenges	Mean	STD	Interpretation
Communication Issues	4.07	0.59	Agree
Dependency Concern	3.93	0.88	Agree
Data Security Concern	3.80	1.21	Agree
Service Quality Issues	3.20	1.42	Neutral
Cost Overruns	3.33	1.35	Neutral
Overall Mean	3.67	1.15	Agree

The table above shows the factors that small and medium-sized enterprises consider when choosing a third-party logistics (3PL) provider in terms of reputation. As presented, it obtained a mean of 4.20, which was interpreted as agree. This implies that most respondents are convinced that reputation is one important factor in choosing 3PL. Before hiring a logistics partner, assess their reputation. Look for satisfied customer lists on their website, check if their prices are reasonable (beware of significantly lower prices), and avoid companies with negative reviews on third-party websites. Prioritize companies known for service excellence, financial stability, and quality management, Franklin, S. (2022).

3. What are the perceived benefits and challenges that small and medium-sized enterprises have experienced when using 3PL services in terms of?

3.1 Benefits

The table above shows the perceived benefits that small and medium-sized enterprises have experienced when using 3PL services. As presented, the benefits are cost reduction which obtained a mean of 4.47, improved efficiency with a mean of 4.33, enhanced customer service with a mean of 4.33 as well, fast delivery with a mean of 4.47, and access to advanced technology with a mean of 4.27. Overall, items obtained a grand mean of 4.37, interpreted as agree. This means that most respondents are convinced that the mentioned benefits are indeed reflecting their experiences when using 3PL services. These findings signify that cost reduction, improved efficiency, enhanced customer service, fast delivery, and access to advanced technology are the main benefits that small and medium enterprises receive when using 3PL services. According to the article of Lucas S. (2023) states that, partnering with a 3PL provider is a smart move for Small-medium Enterprises. They offer a variety of services that simplify your operations and handle complex logistics, leading to lower costs, increased efficiency, and better use of space and time. Additionally, fast deliveries make happy customers, and 3PL providers make fast deliveries easier. Unlike handling shipping yourself, 3PLs have a global network of warehouses, giving them more control over how quickly your products reach customers, Freedman, M. (2024).

3.2 Challenges

Table 2.5 Descriptive Statistics

Reputation	
Mean	4.20

The table above shows the perceived challenges that small and medium-sized enterprises have experienced when using 3PL services. As presented, the challenges are cost communication issues which obtained a mean of 4.07, dependency concern with a mean of 3.93, data security concern with a mean of 3.80, service quality issues which obtained a mean of 3.20, and cost overruns to advance technology with a mean of 3.33. Overall, items obtained a grand mean of 3.67, interpreted as agree. This means that most respondents are convinced that the mentioned challenges are indeed reflecting their experiences when using 3PL services. The result shows that communication issues, dependency concern, data security concern, service quality issues, and cost overruns are the main challenges that small and medium-size trading companies have experienced when using 3PL. Using a 3PL can be tricky. They're busy and might not always prioritize your needs. Plus, they may not be a good fit if you have special requests like temperature control. Finding a 3PL that listens and works with you closely takes time. And dealing with issues can be frustrating if they are far away, Bhat, S. (2021).

4. How does using 3PL services help small and medium-sized enterprises improve the overall performance of the company?

The table above shows the assessment of respondents regarding the aid of 3PL services to improve overall performance of the company. As presented, they obtained a mean of 4.07, which was interpreted as satisfied. This implies that most of them are satisfied in their assessment. In other words, they believed that 3PL services help them to improve their overall performance. Third-Party Logistics Services might improve every small and medium-sized enterprises. As indicated in the study of Prinsloo and Luke (2018), it suggests that the established relationship and derived logistics outsourcing model offer valuable insights for SME managers aiming to enhance performance through logistics outsourcing. The revelation of a positive indirect effect of logistics outsourcing on the performance of manufacturing SMEs underscores the significance of this strategy. This contribution to theory highlights the potential for logistics outsourcing to significantly improve SME performance, emphasizing the importance of effectively managing this process for optimal results.

5. Is there a significant relationship between the factors that need to be considered when choosing third-party logistics (3PL) and benefits that small and medium-sized experienced when using 3PL?

The table above shows the correlation between the factors that need to be considered when choosing third-party logistics (3PL) and benefits that small and medium-sized experienced when using 3PL, using Pearson's r correlation coefficient. As presented, it obtained an r value of 0.72 which falls on moderate positive correlation and a p value of less than .00248. This means that there is a moderate positive significant relationship between the mentioned variables. In other words, the more companies are considering factors in choosing 3PL, the more they can benefit from them. The findings align with Han and Ying's (2012) study, emphasizing the significance of factors influencing Third-Party Logistics (3PL) usage and the importance of market trend awareness for providers and users alike. Providers need to be mindful of offering efficient services and forecasting future demands to adapt their capabilities accordingly. Additionally, the experiences shared by companies in this study provide valuable insights into the advantages of present advancements and approaches to tackle potential obstacles in the industry.

10. ACTION/INTERVENTION PLAN

PROGRAM	OBJECTIVES	TIMEFRAME	PARTICIPANTS	IMPLEMENTATIONS
Educational Workshops on 3PL Selection	Educate on factors for choosing a 3PL provider (cost, reliability, technology, flexibility, reputation). Provide information on different 3PL providers and offerings.	Series of workshops (e.g., 2-3 sessions) spread over 1-2 months.	Owners, managers, logistics personnel	Partner with industry experts and/or experienced 3PL providers to deliver workshops. - Develop educational materials (handouts, presentations) for participants. - Advertise workshops through local business associations or chambers of commerce.
Training on Effective Communication with 3PL Providers	Improve communication between companies and 3PL providers. - Develop strategies for clear expectations and information flow.	Half-day or full-day training session.	Employees involved in logistics and communication with 3PL provider	Hire a communication or logistics specialist to conduct training. - Develop communication protocols and templates for smoother interaction with 3PL providers. - Offer follow-up support to address any post-training challenges.
Benchmarking and Best Practices Sharing	Share successful experiences and best practices using 3PL services. - Showcase solutions for challenges like cost overruns and data security.	Panel discussion or networking event (1-2 days). - Optionally, follow-up with company visits or online forums for knowledge exchange.	Owners, managers, relevant personnel	Identify successful companies using 3PL services in the area. - Invite them to participate in a panel discussion or share best practices through presentations. - Facilitate networking opportunities for companies to connect and share experiences.

11. CONCLUSION

In conclusion, the study underscores the significance of factors such as cost, reliability, technology, flexibility, and

Pearson's Correlations				
			r ²	p-value
Factors	-	Benefits	0.72	.00248

Legend – 0.05 Level of Significance

reputation in the decision-making process of small and medium-sized enterprises (SMEs) when selecting third-party logistics (3PL) providers. Despite encountering challenges such as communication issues, dependency concerns, data security, service quality issues, and cost overruns, SMEs generally express satisfaction with 3PL services. Additionally, the study highlights the perceived benefits gained by SMEs from utilizing 3PL services, including cost reduction, improved efficiency, enhanced customer service, fast delivery, and access to advanced technology. Furthermore, the findings indicate a positive relationship between the factors considered during 3PL selection and the benefits realized by SMEs, suggesting that prioritizing these factors enhances the benefits derived from 3PL utilization. Overall, the study underscores the importance of strategic decision-making in 3PL selection to maximize the advantages for SMEs in their logistics operations.

12. RECOMMENDATION

The following suggestions offer a beneficial guidance for enhancing the strategic decision making of Small and Medium-Sized Enterprises (SMEs). Also, the third-party logistics (3PL) where they will gain a valuable insight regarding the factors of their services to SMEs. Owners, Employees and Consumers of SMEs and 3PL could also benefit from this study to maintain or improved the overall performance and the decision making of the consumers regarding the factors of both parties. Lastly, to future researchers where this study will stand as their foundation and to further enhance their understanding about benefits and challenges of SMEs in the adoption 3PL. All of these suggestions have been identified based on the result of this study.

1. Small and Medium-Sized Enterprises (SMEs) - This study is highly recommended for Small and Medium-Sized Enterprises (SMEs) as it provides valuable insights into the key factors influencing their choice of and satisfaction with third-party logistics (3PL) providers. By understanding and prioritizing factors such as cost, reliability, and technology, SMEs can achieve significant benefits like cost reduction, improved efficiency, and access to advanced technology. This knowledge helps owners make informed decisions, overcome potential challenges, and enhance overall business performance. Employees can contribute more effectively to logistics operations and improve job satisfaction, while consumers can expect better service quality and faster delivery times as companies enhance their logistics based on the study's findings.

2. Third-Party Logistics (3PL) - providers because it offers valuable insights into the factors that drive satisfaction and success among small and medium-sized enterprises (SMEs) using 3PL services. By understanding the key factors such as cost, reliability, technology, flexibility, and reputation that SMEs prioritize when selecting 3PL providers, 3PL companies can tailor their services to better meet the needs of

their clients. Additionally, the study highlights the perceived benefits and challenges experienced by SMEs when using 3PL services, specifically the cost reduction benefits that the study revealed neutral, which means not all of the SMEs are getting the benefit of cost reduction, therefore 3PL needs to work on it for them to serve this benefit to SMEs. Also, the challenges they get specially the service quality issues who only obtained "agree" among the other challenges who falls in "neutral". Meaning, all of the respondents are agreeing that service quality issues was experienced by SMEs and it is needed to be addressed by 3PL to maintain their overall performance, enabling 3PL providers to improve their service offerings and address potential pain points, ultimately enhancing customer satisfaction and retention. This study will be recommended also for 3PL owners and employees by providing insights to better align their services with SME expectations and improve competitiveness. Consumers can also benefit from the study's findings, as improvements in 3PL services can lead to more efficient and reliable deliveries from businesses using these services.

3. Future Researchers - this study provides a foundation for future research to identify emerging trends, address unresolved challenges, and further enhance the understanding of how SMEs and 3PL providers can collaborate effectively to optimize logistics operations.

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