THE DETERMINANTS OF COMPETITIVE ADVANTAGE AND PERFORMANCE AMONG SHIPPING AGENTS IN MALAYSIA

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by

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATIONS

BIMCO   Baltic International for Maritime Council

CIF   Cost Insurance Freight

EDI   Electronic Data Interchange

EU   European Union

FONASBA   Federation of National Association of Ship and Brokerage

I/P   Internet Protocol

IMO   International Maritime Organization

NASACO   National Shipping Agencies Company Limited

NVOCC   Non-Vessel Operators Common Carrier

PE´s   Public Enterprises

PSRC   Parastatal Sector Reforms Commission

UNCTAD   United Nation Conference on Trade and Development

WTO   World Trade Organization

SPSS   Statistical Product and Service Solutions

SEM   Structural Equation Modelling

RBV   Resource-Based View

OL   Organization Learning

LIST OF APPENDICES

xv

PENENTU KELEBIHAN DAYA SAING DAN PRESTASI DI KALANGAN

EJEN PERKAPALAN DI MALAYSIA

ABSTRAK

Malaysia terkenal sebagai negara maritim yang strategik dan telah menjadi pemangkin perkembangan industri perkapalan sejak berkurun lamanya. Penyelidikan ini mengkaji penentu kelebihan daya saing dan prestasi ejen perkapalan di Malaysia. Kajian ini menggunakan teori RBV (Resource Based View) iaitu satu teori yang mengutamakan factor pengeluaran. Populasi kajian ini terdiri daripada ejen perkapalan yang melakukan aktiviti penghantaran dan pemunggahan di Pelabuhan Malaysia manakala sampel ialah 50 ejen perkapalan yang aktif dan berdaftar dengan Jabatan Imigresen Malaysia. Pendekatan persampelan bukan kebarangkalian dan teknik persampelan bertujuan digunakan untuk memilih sampel. Data dianalisa menggunakan peranti SPSS edisi 24 dan SMART PLS 2.0. Penyelidikan ini mencadangkan kebaharuannya bagi pengukuran prosedur kerajaan yang menyokong faktor pengantara kelebihan daya saing dalam meningkatkan prestasi bagi ejen perkapalan. Kajian mendapati bahawa terdapat sokongan penentu kelebihan daya saing dan prestasi di kalangan ejen perkapalan dari aspek berikut: pengetahuan pengurusan, rangkaian sosial dan prosedur kerajaan. Kajian ini merumuskan bahawa kelebihan daya saing dan prestasi di kalangan ejen perkapalan di Malaysia mempunyai kesan positif yang signifikan. Kajian ini mengesyorkan penentu kelebihan daya saing yang berkesan bagi meningkatkan prestasi dan menjamin kualiti perkhidmatan oleh ejen perkapalan.

THE DETERMINANTS OF COMPETITIVE ADVANTAGE AND

PERFORMANCE AMONG SHIPPING AGENTS IN MALAYSIA

ABSTRACT

Malaysia is known as a strategic maritime country and being a catalyst for the development of the shipping industry for a long time. This research examines the determinants of competitive advantage and performance among shipping agents in Malaysia. This research applies Resources Based View theory. The population of this study is shipping agents who perform the task of delivery and distribution at ports in Malaysia. The sample of this study is shipping agents who are active and registered with Malaysian Immigration Department. A non - probability sampling approach and purposive sampling techniques was used to select the samples. The data were analyzed using statistical methods and modeling structures by SPSS edition 24 and SMART PLS 2.0 software. This research suggests the novelty by measuring government procedures that mediates with competitive advantage in improving performance for this industry. The study found that the determinants that supports the relationship between competitive advantage and performance among shipping agents are as the management knowledge, social networks, and government procedures. The study concluded that competitive advantage and performance among shipping agents in Malaysia have a significant positive effect. The study recommends the determinants of competitive advantage in improving the shipping agents performance.

CHAPTER 1

INTRODUCTION

1.1   Introduction

This chapter explains the background of the study, variables, problem statement, research objectives, research questions, scope of the study, the significance of the study, and the definition of key terms.

1.2   Research Background

The increase of maritime transportation is evidence of increasingly globalized world. The shipments loaded with cargo can be moved by various types of ships and can be handled by shipping agents in every port in various types of operations. UNCTAD (2022) reported that the growth of maritime trade increased to 1.4 percent, and it is expected for the period 2023–2027 to grow at an annual average of 2.1 percent and make a three-decade average of 3.3 percent. Over the years, the fastest-growing segment has been trading in containers, where growth in 2022 is projected to be 1.2 percent. Trade and Development Conference (2021) stated that the shipping lines supply consists of several key stakeholders such as shippers, freight forwarders, and shipping agents.

The growth of the shipping industry in Malaysia in recent years has created competition among shipping agents in Malaysian ports. In today's globalized world shipping agents should achieve the competitive advantage and increase their financial performance. Shipping agents need to recognize the importance of achieving competitive advantage that affect performance in the current environment. The ports in Malaysia able to support business and trade activities in full capacity. The competence of shipping agents today needs to be developed to meet current challenges at port.

However, competitive advantage and performance become more complex when the organizational environment changes and volume of activities increase (Sari, Amelia, & Dharmajaya, 2022). The increasing activities require global trade and effective integration by shipping agents.

Today's era of high technology coupled with social networking are the major linkage of communication which is a very effective and convenient connection for shipping agent companies worldwide especially in Malaysian ports. Thus, the use of high-tech social networks by shipping agents is seen as a necessity for collaboration, connectivity, and internalization in ensuring providing efficient services. Government encourages the port to provide better services especially in implementing government procedures.

To ensure efficiency and better performance in shipping services, the determinants of the competitive advantage and performance of shipping agents are evaluated from various aspects involving global logistics to meet the standards (Sari et al., 2022). However, by using social networking, the online system introduced by the Malaysian government, i.e., the e-government helps to ensure all transactions involving government agencies has the latest information on government procedures.

The compliance of shipping agents with government procedures in terms of e-government can be monitored easily by enforcement agency like the immigration department. The importance of the shipping industry to the national economy can be seen in the commitment of the Malaysian government to formulate the Public Sector Digitization Strategic Plan (PSPSA) 2021-2025 for online services. In the past shipping agents have seen issues regarding updating information and complying with the government procedures.

According to Bernama, the National Transportation Policy 2019-2030 (October 17, 2019), the marine transport sector is a key catalyst for the country's socio-economic development. The efficiency of the country's sea transport system is directly related to economic growth and trade activity. In 2012-2021, sea transport contributed 4.8% to GDP of MYR 57.2 billion, and 4.4% to the value of the services sector a year between 2012-2021 and is expected to grow by 6.2% or more in the future.

Malaysia is strategically located in the Straits of Malacca, one of the most important shipping routes in the world connecting several major Asian economies such as India, Indonesia, Malaysia, Singapore, China, Japan, Taiwan, and South Korea. Nearly 100,000 ships pass through the strait. By each year, making it is one of the busiest routes in the world, handling approximately 25% of merchandise traded worldwide. In addition, the good geography and quality of infrastructure make Malaysia a natural gateway to Southeast Asia. In 2016, Malaysia was ranked 18th out of 140 countries in the Global Economic Forum's Global Competitiveness Report, the highest ranking of other developing economies in Asia.

Port Klang was ranked 12th in the world in terms of TEU operations in 2019, while Tanjung Pelepas Port was ranked 18th. According to Transport Policy Policies 2019-2030 (October 17, 2019) also states that with advances in container handling, ship size and capacity have increased dramatically, nearly eight times in the past 40 years and have increased over two times, for example, post-Panamax ships can carry over 20,000 TEUs and have a depth of over 15 meters.

Chief Secretary to the Government, Tan Sri Mohd Zuki Ali, 04 October 2021(Bernama) informed that for 2021, a total of RM 538.7 million is allocated for project purposes covering system development, cyber security infrastructure and software, digital government competency training, and ICT equipment upgrading.

This shows that the Malaysian government is aware of the current environment by providing funds and infrastructure that can enhance performance of shipping agents directly and indirectly. To ensure that shipping companies continue to survive and stabilize in today's increasingly competitive environment the following steps need to be taken. First, the various affairs and activities involved in the shipping industry that require skills and in-depth knowledge need to be identified. Management knowledge is an essential component for the operation of day-to-day activities. Second, intermediary relationships between shipping agents in various ports of the world and between shipowners/charterers and importers/exporters require advanced social networking channels for effective communication. Finally, this relationship ensures that shipping agents' compliance with the latest government procedures using E- Government (online transactions and declarations) by rules and regulations as well as maritime security.

1.2.1   Growth of the Shipping Industry in General

Trade Logistics Branch, UNCTAD (2022) reported that there were 939 ports worldwide in the year of 2022. Shipping connections to direct ports from indirect ports have 440,391 locations worldwide. Economic growth and trade activities are directly related to the efficiency of the national transport system. The National Transport Policy Report 2019-2030 states that in 2022, Malaysia's economy strengthened with a growth of 8.7 per cent in 2022 from 3.3 per cent in the previous year. This performance was driven by services and manufacturing sectors, which accounted for 82.4 per cent of the total Gross Domestic Product (GDP) UNCTAD (2022) reported. In terms of demand, private final consumption expenditure remained the largest component with the share of 60.2 per cent to GDP in 2022.

In line with the overall performance, the Gross National Income per capita increased to RM53,043 from RM46,253 in the previous year. The services sector surged to 10.9 per cent in 2022 from 2.2 per cent in the previous year. Transportation and storage at 30.8 per cent (2021: 1.4%) at Malaysian Ports shows a continues development and improvement its transport network by diversifying its network to support the movement of passengers and goods, especially sea transport. Ports in Malaysia have been built to support business and trade activities but the shipping agents performance is still not meeting the level that is expected. Many international shipping agents must be aware with the regulations issued by government agencies such as immigration, customs, marine department, and harbour master department which was located at all ports of Malaysia and play an important role in providing efficient services better.

Brealey, Myers, and Allen (2009) have defined that the core operations and generating income from the operations are measures of organizational performance. According to Robbins and Coulter (2002), organizations can assess organizational performance levels in terms of efficiency and effectiveness of achieving it goals. The International Institute for Management Development (IMD) World Competitiveness (2023) stated that Malaysia is now the 27th most competitive economy in the world and has moved up five spots. which is the top position compared to economic development in Asia while 13th International Harbour Masters' Association (IHMA) Congress 2022 stated that Port Klang was ranked 12th and Port of Tanjung Pelepas was ranked 15th busiest ports in the world. Figure 1.1 below shows the location of all ports in Peninsular Malaysia and figure 1.2 shows the location of all ports in Sabah and Sarawak that will be the port components in this research paper.
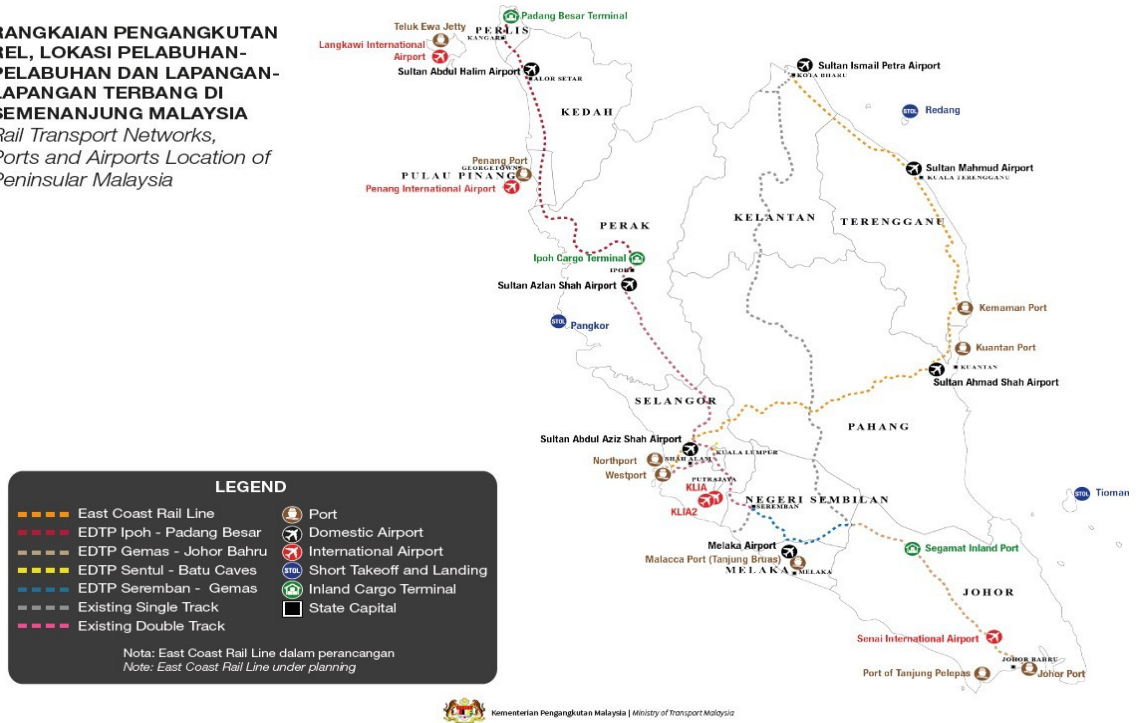
Figure 1.1 All ports in Peninsular Malaysia

Source: Maritime Department Annual Report 2022
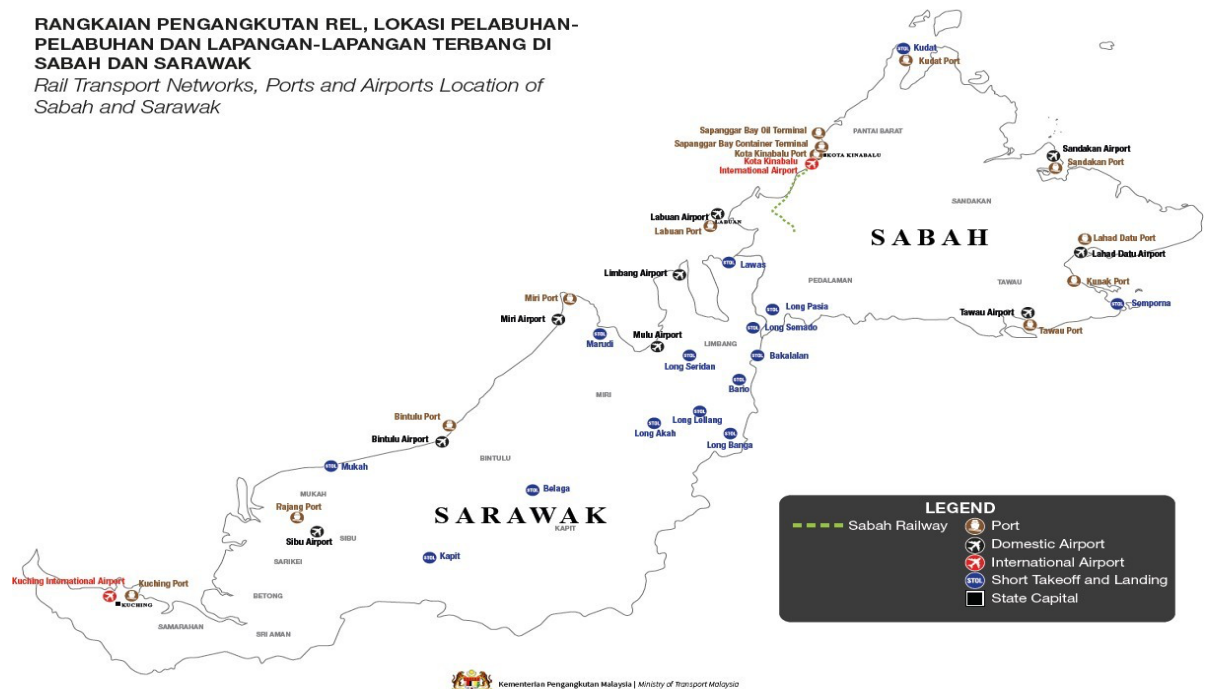
Figure 1.2 All ports in Sabah and Sarawak

Source: Maritime Department Annual Report 2022

The ports listed and gazetted in Malaysia are 14 ports as shown below where the volume of all types of vessels docking and departing are increasing. These listed ports are the largest in Malaysia and can accommodate the arrival and departure rates of all types of vessels. These ports are:

i.   Port Klang

ii.   Port of Penang

iii.   Port of Johor

iv.   Port of Kuantan

v.   Port of Kemaman

vi.   Port Dickson Port

vii. Port of Teluk Ewa

viii. Port of Tanjung Pelepas

ix.   Port of Sabah

x.   Port of Rajang

xi.   Port of Miri

xii. Port of Kuching

xiii. Port of Bintulu

xiv. Port of Labuan

Malaysia has seven (7) main federal ports namely Kelang Port, Johor Port, Tanjung Pelepas Port, Kuantan Port, Penang Port, Bintulu Port and Kemaman Port. Meanwhile, ports in Sabah and Sarawak are under the jurisdiction of the State Governments of Sabah and Sarawak respectively.

The OECD Competition Assessment Reviews on Logistics Sector in Malaysia (2021) reported that the domestic transport and logistics sector accounted for 3.8% of GDP while gross value added (GVA) was estimated at RM57 billion. The GVA of the water transport sub-sectors was RM6.7 billion respectively. Performance index shows that Malaysia performs well comparatively, has good liner-shipping connections with other countries and with two ports, Port Klang and Port of Tanjung Pelepas, ranked 12th and 18th respectively globally in terms of throughput. Figure 1.3 below show the total numbers of ships calling by port in Malaysia year 2012-2021.

PELABUHAN Ports		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
KELANG	BIL / No	17,721	16,703	15,298	16,541	16,323	15,322	14,547	14,234	13,294	11,717
	GRT (' 000)	384,436	407,918	409,806	441,580	464,732	420,897	435,237	446,952	490,995	430,455
PULAU PINANG	BIL / No	7,796	6,309	6,137	6,226	7,008	6,610	6,449	5,798	3,555	2,374
	GRT (' 000)	66,941	63,992	59,389	64,526	68,936	82,140	73,890	74,281	46,368	32,733
JOHOR	BIL / No	4,252	4,133	3,964	3,984	4,044	3,951	3,850	3,858	3,691	3,634
	GRT (' 000)	30,286	29,614	25,894	28,096	30,672	31,781	38,920	41,987	42,557	43,295
KUANTAN	BIL / No	2,470	2,406	2,342	2,347	1,820	1,924	1,865	2,117	2,346	2,119
	GRT (' 000)	22,469	23,153	24,803	35,374	20,225	22,616	22,716	28,559	30,798	28,222
BINTULU	BIL / No	7,581	8,239	8,478	7,329	7,457	7,717	7,744	7,728	6,555	6,473
	GRT (' 000)	63,987	67,534	68,593	67,009	68,770	69,528	67,188	72,537	70,906	69,476
TANJUNG BRUAS	BIL / No	91	117	352	305	236	528	180	218	169	123
	GRT (' 000)	384	471	3,786	4,433	649	5,143	1,461	2,487	1,769	897
KUCHING	BIL / No	1,933	2,054	1,897	2,012	1,759	1,542	1,517	1,427	1,212	1,173
	GRT (' 000)	10,337	10,624	10,784	11,079	10,797	10,410	10,657	11,140	7,860	8,953
MIRI	BIL / No	1,779	1,702	1,508	1,039	872	1,477	3,648	6,485	4,922	6,323
	GRT (' 000)	6,134	7,545	6,745	6,041	6,148	5,424	5,627	6,115	5,484	5,024
RAJANG	BIL / No	1,378	1,034	908	702	667	589	574	552	560	495
	GRT (' 000)	3,611	1,998	1,416	1,022	998	894	885	867	849	799
SABAH	BIL / No	14,641	13,228	14,178	13,769	11,242	9,914	9,224	8,686	7,239	7,323
	GRT (' 000)	37,997	40,811	46,468	42,146	45,492	47,450	46,230	47,740	41,164	41,041
PORT DICKSON	BIL / No	963	854	880	897	724	741	669	736	721	627
	GRT (' 000)	11,685	12,062	11,521	19,229	17,337	11,903	11,474	13,349	12,059	11,728
KEMAMAN	BIL / No	605	554	495	639	633	629	541	795	753	495
	GRT (' 000)	5,723	4,002	4,401	5,711	5,567	5,282	4,970	7,846	6,877	5,317
TELUK EWA	BIL / No	510	527	472	376	332	336	317	308	193	205
	GRT (' 000)	2,635	3,078	2,760	2,553	2,625	2,276	2,138	2,295	1,336	1,661
TANJUNG PELEPAS	BIL / No	5,041	4,793	4,759	4,696	4,470	4,404	4,629	4,877	4,581	4,431
	GRT (' 000)	40,328	38,344	38,072	37,568	35,760	35,232	37,032	38,944	36,648	35,448
JUMLAH Total	BIL / No	66,761	62,653	61,668	60,862	57,587	55,684	55,754	57,819	49,791	47,512
	GRT (' 000)	686,953	711,145	714,437	766,368	778,708	750,978	758,426	795,098	795,669	715,049

Figure 1.3 Total Numbers of Ships Calling by Port in Malaysia 2012-2021
Source: All Ports and Maritime Department.

1.2.2 Shipping Agents Performance in General

Knight (2013) in his study stated that the main function and duty of a shipping agent is to protect the interests of ships at all times of arrival and departure (estimate time to arrive and estimate time to depart) and monitoring of shipment and keep at the port at the lowest possible cost. Jean (2011) states that the main services provided by shipping agents include a port agency that manages all activities involved and related to the state of local ports, regulations, cargo operations (loading and unloading), estimated turnaround time at the port (ETA) and port and cargo estimates and expenses (Pro-forma Disbursement Accounts).

Shipping agencies are also involved in the management of ship and crew needs, and ship cargo services involving storage and delivery. News Network in Marine Careers (2019) states that the shipping agent is the person responsible for dealing with ship transactions at each port visited or anchored by a ship. The shipping agent at a port where the ship is anchored specifically acts as a representative of the shipowner and carries out all the important duties and obligations required by the crew of a ship.

The performance of the shipping agent is assessed through the expertise and skills of the shipping agent to carry out the duties and responsibilities to manage every need of a ship such as the exchange of local currency for the needs of the ship's crew, correspondence entrusted to the needs of the crew such as obtaining local currency, ship repair requires major repairs and many other task matters. However, shipping agents are not appointed, the shipowners will be the person in charge and must rush from one port to another for the documentation process at each port.

The accuracy of management level on documentation by the shipping agent to the shipowner which allows them to go through the process where all the details needed to be processed each time the ship makes a transaction at the port visited or anchored can be simplified due to the performance and competitiveness of shipping agents. Shipping agents also play an important role in many developing countries in the shipping industry were efforts to solve every problem, if necessary, in each situation and adapt to each new improvement in the shipping industry.

Shipping agents who assume the duties and responsibilities of efficient management of the ships operated require high competitiveness and commitment because the effectiveness of interaction between shipping companies and owners involves communication to the world not only from their home country. Since the shipping agent is a person represent a local shipping company, the level of trust achievement by the shipowner as well as the trust of the ship crew is very important for all transactions and indirectly adds data through effective interaction. Shipping agents can also understand and know the actual needs of the crew.

Handling customer needs and being able to provide good relationships where enables shipping agents to establish goodwill relationships as well as obtain additional customers and keep customers available for the shipping company represented. However, the other main thing handled by the shipping agent is abo role and function of the shipping agents that are responsible for the documentation required to the ship when arriving at the port to dock and when comes time to sail.

The services provided by the shipping agents as mentioned, clearly show that the job task of the shipping agents is to carry out an important task and requires highly competitive strength to ensure the performance of the shipping company is always at a very satisfactory level. The ability of a skilled and experienced shipping agent expected by the shipowner has made the profession unique and attractive. The current fast-growing shipping industry provides data that provides more favourable incentives to shipping agents to thrive and grow.

The handling skills offered by the shipping agents at each port can enhance the service performance of the shipping company it represents. The understanding of the shipping agents themselves in handling the matters of arrival and departure of every ship entering the Malaysian waters in terms of employee attitude, management orientation, talented workforce, timeliness, collaboration, international relations, compliance with law Malaysian law, maritime law, cost, and efficiency are the benchmarks of the shipping industry's performance.

According to the UNCTAD (2019), it states that changes in the business capital and private partnerships of the shipping industry are increasing with the benefits of digitalization and collaboration methods platforms and solutions for activating new and innovative technologies. UNCTAD Maritime Transport (2022) states that shipping companies need to renew and expand the capacity of their respective companies in terms of equipment infrastructure, ensure sufficient and skilled manpower, and improve connectivity and performance. In addition to reducing emissions and protecting competition to ensure maritime transport can withstand the challenges ahead. In the fast-growing shipping industry, excellent customer service is certainly beneficial.

Improved cost savings and security costs in the operation of important shipping vessels such as autonomous ships, autonomous maritime vessels, and land vessels are the general terms for autonomous vessels used in the International Maritime Organization (IMO) terms. The use of online technology has not fully commercialized the operation of shipping services because the shipping service still requires new jobs for knowledge sharing and shipping management procedures such as a remote operator, maintenance crew, port management, service provider, or others.

This research examines the determinants of competitive advantage and performance among shipping agents in Malaysia that affect the Malaysian and global market. It is an unique approach in understanding the factors that make shipping agents to achieve competitive advantage and great performance which enable them to compete with the ports within the region. Competitive advantage research is important because of the significant changes occurring throughout the shipping industry. Research into the determinants of competitive advantage and performance among shipping agents in Malaysia enables shipping service-based organizations to leverage fact-based and data-driven insights when implementing management and decisions.

This valuable insight can lead to new technology where management knowledge can be improved through better company strategy planning, and services using the latest technology to facilitate business such as online, operational procedures and government procedures that can be followed by regulations and laws. The annual appraisals of shipping agents can be based on their level of knowledge, skills, and competence in their daily routines.

The determinants of competitive advantage and performance allows companies to gain insight into the service targets they provide by improving directly to customers. A better relationship between shipping agents and ship owners can be established. This study has also been accepted and adopted at the Malaysian Immigration Department Port Branch where all matters involving the arrival and departure of crew and passengers are carried out online. These implementations and its effectiveness not brought to a scholarly study, which this study would like to embark on.

Aspects of government procedures are measured through e-government, rules, and regulation as well as safety. This study can provide shipping company management with statistically significant insight into service offerings and competitive strategies to provide competitive advantage to support performance. Researching the determinants of competitiveness and performance among shipping agents in Malaysia is important because it allows organizations to focus on planning greater strategies and achievements in their industry and making strategic and informed business decisions supported by evidence-based evidence.

The use of social networks also facilitates the relationship between the shipping agents, the captain of vessels, and the shipping company. Julian Hoffmann, Trade Logistics Branch, UNCTAD (2020) reported that there were 939 ports worldwide in the 2nd quarter of 2020, shipping connections to direct ports from indirect ports have 440,391 locations in the whole world. However, currently, there are only 12,748 ports that provided connections indirect to direct, which stands at 2.9 per cent.

The competitiveness of the company will be increasing demand meaning that the efficient connection of services provided by a company can better and indirectly increase customers as well as the growth of new companies in the whole world. The International Maritime Organization report (2017) stated that regulations where maritime training needs to be continuously monitored and focused. A company that does not have a competitive advantage will cause the company's performance to be weak and unable to compete with other competitors (Wahyuni et al., 2022). The performance of the firm and the organization usually can be measured with the financial report of the firm and non-financial outcomes associated with several efficiency aspects and the operations used.

Shipping agents are compulsory to report all arrival and departure vessel to Immigrations, Custom, Harbour master and Health departments for government clearances procedures such as crew vessel, passengers, loading unloading cargo, and healthy inspection. All the transaction needs to comply with all the government agencies related.

The declaration of arrival and departure vessel now can be done thru the online called service e-government. In general, shipping agents handling the arrival and departure of a ship must be skilled and knowledgeable, especially in compliance with all the rules. All the documentation clearance of vessels that shipping agents handle must report the estimated time to arrive or departure as earlier information. Table 1.1 show the operation of a port that complies with the government agencies acts.

Table 1.1 *The operation of a port that complies with the government agencies' act*

MAJOR PORT	LOCAL AUTHORITIES	RELATED ACTS
Penang Port	Penang Port Commission	Penang Port Commission Act
Port Klang	Port Klang Authority	Port Authority Acts 1963, Immigration Act 1959/63, Customs Act 1967
Johor Port	Johor Port Authority	
Tanjung Pelepas Port	Tg.Pelepas Port Authority	
Kuantan Port	Kuantan Port Authority	
Kemaman Port	Kemaman Port Authority	
Melaka Port	Melaka Port Authority	
Teluk Ewa Port	Teluk Ewa Authority	
Kinabalu Port	Kinabalu Port Authority	Kinabalu Port Authority Act

Source: *Malaysia Maritime Department Annual Report 2020*

Ministry of Transport Malaysia (Maritime) 2021 reports stated that policies that are at the heart of the government's focus are particularly on sea transport which targets drastic economic growth with a 4.8% increase in the country's economy for 2021. Figure 1.4 show the increase in import and export activities in ports in Malaysia from 2012-2021.

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Eksport *Export*	202,835	210,495	235,831	232,022	228,783	228,459	222,937	241,792	222,703	218,419
Import *Import*	189,686	202,011	201,641	213,117	191,722	191,810	214,285	223,453	203,503	207,882
Pindah Kapal *Transshipment*	114,371	118,268	128,889	133,052	123,596	124,441	133,479	130,233	138,123	165,188
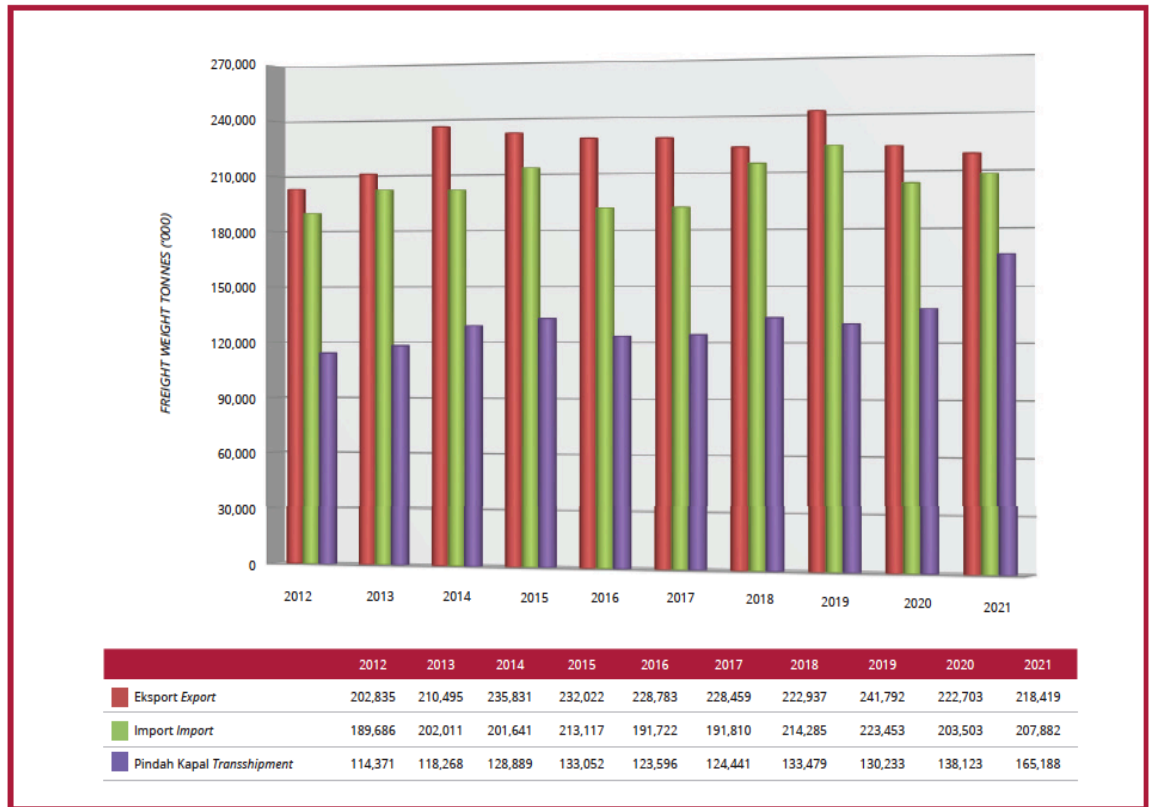
Figure 1.4 The statistic for import and export at Malaysia ports 2012-2021

Source: Ministry of Transport Malaysia

To attract big ships, port shipping companies need to invest in providing infrastructure and services to meet the needs of such shipping companies. Changes in the use of larger vessels are also a threat to existing ports, and this risk is also felt by major ports in Malaysia such as Port Klang and Port of Tanjung Pelepas and others. Growth trends towards large container vessels and lower revenue of shipping companies have encouraged corporate consolidation. The shipping industry's acceptance of this study can be seen where exposure to management knowledge, social networks and government procedures are practised in shipping service matters through more organized work.

Increasing the level of company knowledge management, communication through social networks is more effective where the media sites used are faster and more accurate. In addition, shipping documentation matters with government agencies are done online. The government has also provided a platform for online transactions and digitization according to current developments. This will reduce the risk of new investments and encourage better use of existing capacity.

Three large consortiums have been established and have been in operation since April 2019. Each consortium accounts for about one-third of global cargo volume. Another new trend is the shift to container use for cargo transport. For example, the paper industry has adapted its cargo for shipping containers by re-sizing paper rolls to fit into containers. Within a decade from now, it is estimated that 90% of general cargo segments such as iron, forest products and bulk breaks such as grains and fertilizers will be transferred through containers. All these changes have led to a shift towards larger and more central hub use. This means smaller ports will lose their direct connectivity and can only act as hubs in the hub and spoke system. Aspects of policy planning need to consider Malaysia's aspirations to compete as a regional logistics hub with infrastructure development, legislation, and service provider availability.

There are 8 trends outlined in the National Transport Policy 2019-2030 (October 17, 2019), the 6th trend of Transition to larger vessels, the merger of shipping companies and increased container handling have been the focus and can enhance competitiveness among shipping companies to improve their performance in terms of service, knowledge, compliance with applicable safety laws and regulations and networking.

The 6th trend also relates to the diversification of larger ships, the merger of shipping companies and increased container handling at all ports in Malaysia. In addition, the measurement of performance as shipping agents that represent the company should be measured as well as its value to ensure that the company's performance is at an excellent level. However, the national security factor must be emphasized and the focus of its implementation is to support the development of the Malaysian maritime transport sector.

Registered shipping agents shall comply with all laws and regulations prescribed by the government agencies for the management of arrivals and departures of all types of vessels operated by them. Figure 1.5 show the 8 trends outlined in the National Transport Policy 2019- 2030.

1 • A growing and aging population

2 • Increased urbanization

3 • Advances in real-time information and digitization

4 • Development of e-commerce market

5 • The transition to sustainable transport

6 • Transition to larger ships, merger of shipping companies and increased container handling

7 • Increased passenger travel and the impact of low cost flight services
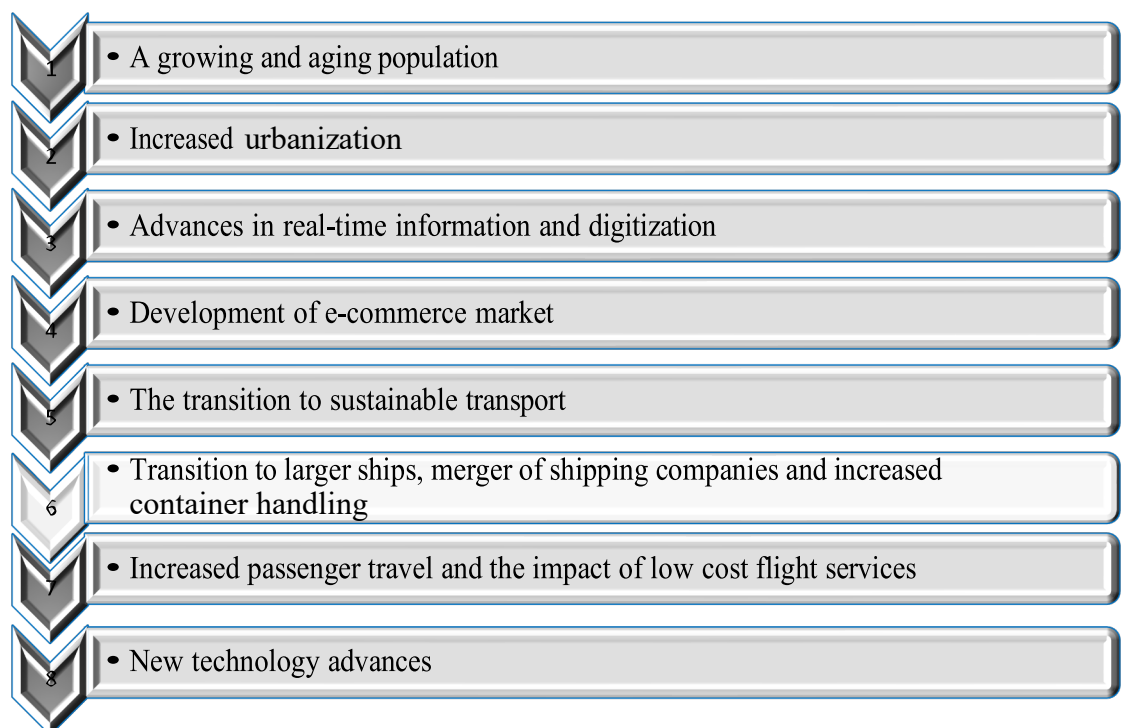
8 • New technology advances

Figure 1.5 The 8 trends outlined in the National Transport Policy 2019-2030

Source: National Transport Policy 2019-2030 (17 October 2019)

According to the BIMCO annual report 2017, the improvement in the shipping sector has boosted the stimulating economy in 2017 showing that competition and demand growth and the impact of rising prices on service prices and expected to increase revenue. In the use of oil tankers, cargo ships as well as cruise ships have a very high increase and could potentially recover the price of trade-driven activity depending on the oil market's equilibrium price. This specialization can enhance the competitiveness of the shipping agents themselves, where the provision of extensive knowledge, effective communication, and communication as well as compliance with applicable laws and laws are complied.

There is a lot of competition in the field, and the maritime supply chain will change dramatically in the coming years. International shipping agents should have good relations with many well-known countries by controlling port organizations worldwide such as Shanghai, the Bahamas, and more. According to Gruman et al., (2011) most organizations place their emphasis on staffing on performance aspects. Work performance systems are developed to assess the level of effectiveness and ensure high levels of work performance.

Proposed wage increases can improve company performance that can be the best achievement through system-oriented performance management by promoted employees. Explain new approaches to performance through a process of knowledge management that incorporates the workforce and key tasks of each employee in an organization as quickly as possible. A knowledge model of human resource development management that incorporates key ideas can provide a new perspective on how to nurture and manage employees to achieve high levels of job performance.

The growth and improvement and competitiveness of the shipping agents themselves in the handling of corporate affairs are very encouraging for shipping companies to showcase the performance of every company in the commercial world especially the increase in demand for services by shipping agents in Malaysia. Review of Maritime Transportation 2021 (UNTCAD) show an increase of 4.3 per cent as shown in figure 1.6. The trend shows an improvement despite the volatile risks and the low growth spurt in the global economic conditions. Annual growth over the past two decades has been 2.9 per cent in maritime trade. The growth rates are shown in Figure 1.6.
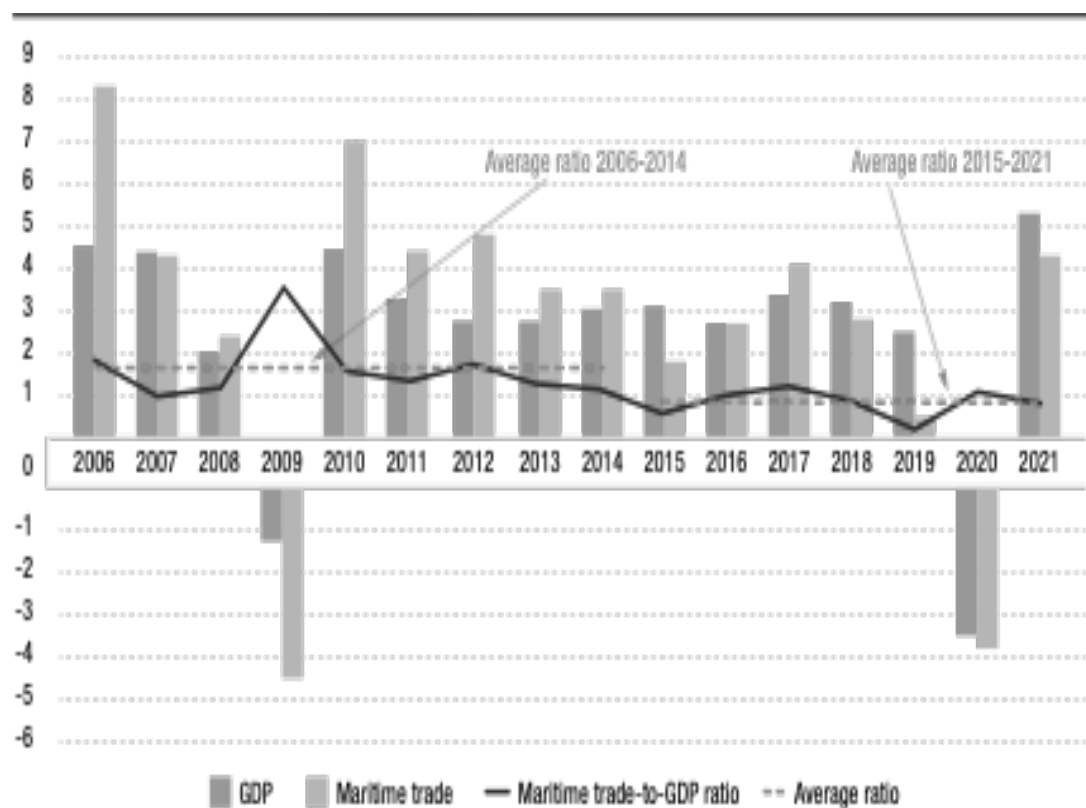

Figure 1.6 International maritime trade, world gross domestic (GDP) and maritime trade to GDP ratio, 2006-2021

Source: The Review of Maritime Transport 2021 by UNCTAD

This phenomenon was triggered following the recent expansion of the Malaysian shipbuilding industry. According to Tseng (2005) and Lagoudis (2006), sea carriers are generally encouraged to transport commercial cargo as it can provide convenient service for the delivery of large-capacity cargo to customers with transport costs and the cost of inter-port services to other ports. Shipping agents have priority over trade and economic growth, as they are the intermediaries that serve as the liaison between the ships before the arrival of the ship and as the liaison between the captain of the last port and the next port for the movement of ships. Shipping agents play an important role in overall performance especially in terms of regional economic development and strategy centre controlled by skilled shipping agents.

Shipping agents in Malaysia have also increased their competitiveness by providing management of all aspects of international ports and shipping agents in Malaysian ports serve as drivers in the economy of which the port is under the authority of the Malaysian Port Commission. However, Coppens (2007) said that shipping companies around a port have been classified as a strategic workforce in generating a fast- growing regional economy the shipping industry itself in the context of internalization.

According to Wang's (2005) study, the direct revenue ratio of port and trade operations for sea transport activities related to shipping agents was 1: 5 and the ratio of indirect port work performed by workers was around 1:9. For example, the Tianjin port in China one of the most active ports in Asia, where shipping agent activities are always packed with ships for shipment.

Direct income in China with a total of 78 miles of the renminbi (RMB) leads by shipping agent service charges and shipping charges at port charges. The same ship will also carry goods to other ports by distributing cargo to other vessels. In another study conducted by Raduan, Alimin, Jegakuli and Haslinda (2009), they was concluded that there is a positive relationship between unique advantages and organizational success. Competitive advantage can predict variances in organizational performance significantly. This is referred to as a great competitive advantage that will directly affect the performance of the company. Figure 1.7 show that Raduan et al., (2009) drew this model to explain this association.
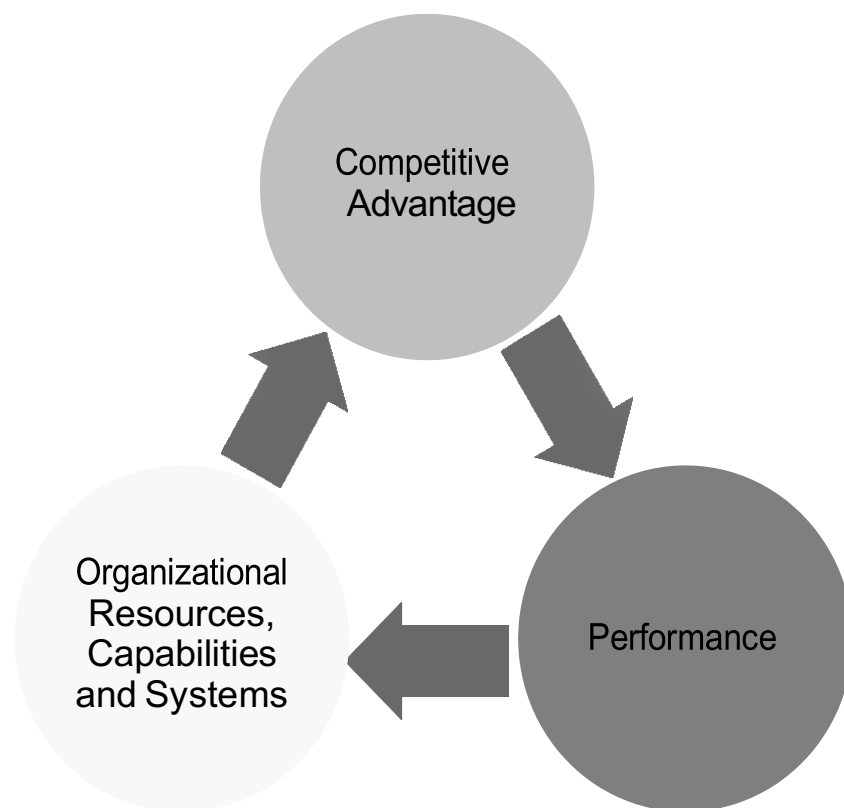

Figure 1.7 Competitive edge can significantly predict the variance in the Performance of the organization

Source: Adopted from Research Journal of International Studies, October 2009

In addition, ancillary services such as container repairs, storage and shipment, repair of damaged vessels, port equipment, trailers and cargo handling provided by shipping agents before ship arrival are also considered. The increase in the variety of ships that use services in ports throughout Malaysia has increased the market for the shipping sector and required a competitive advantage to support the improvement of the performance of shipping agent organizations in Malaysia and further development at the international level. The diversity of the service market provided by shipping agents stimulates economic growth as well as increases competition for new growth in the shipping industry.

Recognizing the opportunities and enhancements of regional shipping agents, and emphasizing the importance of international shipping agents is important to enhance performance targets and generate competitive advantages that realize that highly efficient performance can achieve rapid and competitive development in terms of innovation, knowledge management, social relations, and regulatory compliance with government departments.

In addition, the role of a shipping agent as an organization that manages ships that arrive and depart from local ports to other ports requires a solid organizational strategy with the support of using the latest technology and facilities. The use of the latest technology is an advantage to the shipping agent organization by being able to save time, location accuracy, accurate documentation and compliance with the law can be fostered. Fast and easy and more effective communication relationships with the use of online transactions.

1.3   Preliminary Interview Findings

To enhance the information on the issue and scenario of competitive advantage among shipping agents' performance at Malaysia Ports a preliminary interview session was conducted. The aims of conducting a preliminary study are to determine whether the literature and anecdotal evidence reflect the real situation and to validate the perception of shipping company management concerning the area of prior research interest. Qu, Sandy and Dumay (2011) stated that the interview method had been employed to gather preliminary data or information before the study or survey is designed.

Given the above, a preliminary interview had been conducted among four shipping agents at Penang Port to explore the benefit of competitive advantage and performance in terms of issue, problem, advantage, disadvantage, lack or strength of the shipping agents. The respondents who were asked several questions related to the view of competitive advantage were encourage on opinions on new strategies to build up the organization that can be implemented to develop performance levels. The related areas of interest asked by the respondents were more related based on literature reviews. The questions conducted to respondents during the interview session are as below:

a.   Do the shipping agents face any resources conflict?

b.   What are the company goals? Are they achieving it?

c.   Do you think your company have competitive edge" over its competitors?

d.   How you describe the weakness of your organization?