

## Chapter 21

# Improving Competencies for the Courier Service Industry in Malaysia

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### **ABSTRACT**

*The aim of this chapter is to explore the literature on improving competencies for the courier service industry in Malaysia. The use of internet and advancement in technologies enable e-commerce to quickly emerge in courier service industry, linking enterprises, associations, governments, and individuals together. The usage of internet has changed the industry strategy in conducting business. It is crucial for a business to reassess their competencies to operate in a competitive global working environment which is highly volatile and rapidly change. Subsequently, the supply chain is facing a paradigm change in the e-business environment. A company supply chain in an e-business environment can be very complicated typically in Asia market because the Asia market is made up of many countries which vary in culture, religion, political systems, legal systems, language, and stages of economic development.*

### **INTRODUCTION**

Begun around the year 2000, globalization is being powered by individuals and smaller organizations. Emergence of e-commerce enables the individuals and smaller organizations to do business in a more effectiveness and efficiency way (Bowersox et al., 2013). They increasingly rely on courier services that can complement and contribute to their logistics operation particularly in Asia market due to its high population.

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It is crucial for a business to reassess their competencies to operate in a competitive global working environment which is highly volatile and rapidly change. Subsequently, the supply chain is facing a paradigm change in the e-business environment. A company supply chain in an e-business environment can be very complicated typically in Asia Market due to Asia Market is made up of many countries which is vary in culture, religion, political system, legal systems, language and stage of economic development. The use of internet and advancement in technologies enable e-commerce to quickly emerge in courier service industry, linking enterprises, associations, governments and individuals together. The usage of internet has changed the industry strategy in conducting business.

The aim of this chapter is, therefore, to explore the literature on improving competencies for the courier service industry in Malaysia. The competencies of courier services as the ability of third party (3PL) logistics operator to smooth the supply chain in e-commerce. The focus of the study is not how courier services competencies is generated within an e-commerce environment in Malaysia, but rather on how such competencies manifest itself, and able to ultimately influence the competencies for the Courier Service Industry in Malaysia. Additionally, this study is intended to help shape the future of courier services as a professional entity in the business environment.

## **BACKGROUND**

Globalization affects the way of doing business today. Many industries experienced deregulation, deconsolidation, re-engineering, downsizing, and organization restructuring to meet the need for efficiency in a fast-paced operation with unpredictable supply pattern (Ling, 2014; Sheffi, 2012; Grant et al., 2006).

E-commerce has opened up an utterly new market for players in logistics. In the year 2012, total population in Malaysia has reached 28.7 million and the internet users are 17.7million accounted 65.8% of the population. Among the users of internet in Malaysia, there are 30% of the people who are e-shoppers that engage in purchasing goods and services from various entities on the web (Malaysian Communications and Multimedia Commission, 2012).

Besides that, business of courier services has been stimulated by the development of e-commerce in terms of the growth in parcels volume and in home delivery. There is a tremendous increase in sales orders delivered by e-commerce companies that accomplish via courier companies, which has resulted in the rapid growth in this niche segment as well as the increase in the struggle for a greater market share in this sector (Hoo et al. 2014).

Sheffi (2012) defined logistics clusters as one of the strategies to support existing local industries, these clusters include third party logistics services providers (3PLs), transportation carriers, warehousing companies, freight forwarders, retailers, distributors, manufacturer; and the operations of companies for whom logistics is a large part of their cost. Courier service is operationally distinguished from the ordinary mail services. It plays a role as third party logistics services providers (3PLs) in Malaysia logistics clusters.

The logistics clusters have been recognized as one of the sectors attain global competitiveness in the Ninth Malaysia Plan and Third Industrial Plan (IMP3) (Khalid, 2009). Unfortunately, the Chairman of Asia Logistics Council, Sri Abdul Rahman Mamat declared that logistics sector is the weakest amongst the four pillars of international trade namely finance, commerce, insurance and logistics in Malaysia (Bernama, 2013).

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