

A Study on Competitiveness Rivalry and Services of Technology Development in Port Klang: Case Study in Westport, Malaysia

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ABSTRACT

Government usually plays an important role in the environment of business competition. One perspective might be the government regulations have governed the rules of game as an environment for business to follow and fairness and efficiency are two guiding principles to establish certain appropriate rules and games. This study is aim to identify the main competitor and services of technology development that were influencing the competitiveness at Westport, Malaysia. The response from the respondents from the Westport will gain to verify the main objective of this research. Beside that, this research will identify the political, social and economic factors that caused the competitiveness among rivalry and the services of technology development. The first method is by obtaining data from secondary sources such as books, articles from journals, internet, magazines and newspapers. The second method is by using survey questionnaire. The survey questionnaire will be distributed to employees, which had interactions with maritime organization at Westport. The survey research will be conducted to gain the outcome of overall the objective from respondents. Furthermore, this research will provide some recommendation to upgrade the quality of competitiveness and the services of technology development at Westport.

Keywords

Competitiveness Rivalry, Services of Technology Development

1.0 INTRODUCTION

As the role of international competition in determining the relative positions of companies in the markets has become more evident than ever, governments and companies have become more aware of the importance of global competition in formulating their own strategies. Economists have always had an interest in factors that govern economic development. This issue has been addressed at different levels, the firm level, regional level and national level for instance classic on the

‘wealth of nations’.¹ Government usually plays an important role in the environment of business competition. One perspective might be the government regulations have governed the rules of game as an environment for business to follow and fairness and efficiency are two guiding principles to establish certain appropriate rules and games. However, sometimes government sets up industrial policy to make certain industries develop and grow in a faster path through various economic incentives such as interest subsidies, tax credit and other non-financial incentives. All these efforts are targeting to increase national competitiveness by selectively taking certain industries with higher industrial linkage effect.

Rivalry among competing firms is usually the most powerful of the five competitive forces. The strategies pursued by one firm can be successful only to the extent that they provide competitive advantage over the strategies pursued by rival firms.²

The competitiveness as a proxy for national productivity, it is the major sources of national income and it also represents living standard in the long run. Therefore, in order to increase national productivity and living standard, business private sector can make quite a difference by keeping up innovation speed and produces goods and services which meets the needs of human beings.

Beside that, the domestic rivalry of firms and the conditions governing how companies are created, organized and managed, such as the ways in which firms are managed and choose to compete; the goals that companies seek to attain as well as the motivations of their employees and managers; and the amount of domestic rivalry and the creation and persistence of competitive advantage in the respective industry.

In technological section, the central role played by technology in strategies for national competitiveness is further complicated by the

¹ Adam Smith’s, 1776

² Fred R. David, 2009.

presence of multinational enterprises. The world's largest 500 multinational enterprises now account for about half of the value of international exchange. To an ever-increasing extent these large multinational enterprises compete with one another across groups of product lines. Many of these multinationals rely on technology to generate their firm-specific advantages.³

However, most multinationals possess a bundle of such competitive advantages, in which ability to raise capital, exploit scale or scope economies, and use distributional channels are all important. Indeed, some multinationals (such as most of the Canadian owned ones to be discussed below) rely upon marketing advantages rather than those based upon production management and technology.⁴

2.0 LITERATURE REVIEW

According to the Porter's Diamond model (1990), the domestic rivalry of firms and the conditions governing how companies are created, organized and managed, such as the ways in which firms are managed and choose to compete; the goals that companies seek to attain as well as the motivations of their employees and managers; and the amount of domestic rivalry and the creation and persistence of competitive advantage in the respective industry.

Further, Porter's also were discuss about the presence or absence of supplier and related industries that basically is international competitive, such as the presence of internationally competitive supplier industries that create advantages in downstream industries through efficient, early, or rapid access to cost-effective inputs; and internationally competitive related industries which can coordinate and share activities in the value chain when competing or those which involve products that are complementary.

Competitive intensity usually reduces average industry profitability.⁵ It has the effect of reducing pioneering advantages developed through lead time. Therefore, when competitive rivalry is low, the initial pioneering advantages developed during lead time are likely to be more sustainable. Increased competition more quickly reduces initial advantages and creates pressure to reduce price and profitability.

The linkage between strategy and competitiveness mostly descriptive in nature and usually provide only checklists as to the type and nature of some strategically important factors (intensity of rivalry among existing firms, possibility of new

competitors entering the market, the characteristics of suppliers and the nature of the relationship established with them, bargaining power of buyers, threat of substitute products or services, the nature of government interventions, etc.) and do not contribute very much to resolving the issue of 'measuring' the competitiveness level of accompany in international markets. A method of measuring international competitiveness is important if one wishes to position a company relative to its competitors in the markets of interest. However, that competitiveness must be analyzed in this theoretical context, which is often not the case. Thus "people who talk about competitiveness must understand the basics [of international trade theory] and have in mind some sophisticated departure from standard economic models, involving imperfect competition, external economies, or both."⁶

The potential level of competitiveness, on the other hand, is the competitive position that could have been achieved if both the firm and the competitor were to utilize all their current resources in the most efficient and effective manner. In this sense, the potential level of competitiveness corresponds to the concept of *rational allocative efficiency* in the economic theory of the firm.⁷

3.0 PROBLEM STATEMENT

Nowadays, the shipping and port or known as Seaport industry in Malaysia is a great growth competitiveness industry with huge bank of fixed assets as their operating capital. Therefore, in order to best serve their customers, the port companies must be efficient and effective.

Port Klang is currently being developed as the National Load Centre and eventually a hub for the region. With a number of load centering and hubbing strategies pursued since 1993, the facilities and services in Port Klang are now synonymous to those of World class ports. The port has trade connections with over 120 countries and dealings with more than 500 ports around the world. Its ideal geographical location makes it the first port of call for ships on the eastbound leg and the last port of call on the westbound leg of the Far East-Europe trade route. One of the ways to determine this is through measuring the level of competitiveness and the efficiency in technology at Port Klang is through Westport, Malaysia.

The economic downturn or recession is poses new challenges especially at Westport, which had interactions with maritime organization at Westport, Malaysia. The measurement of the level

³ Bellak and Weiss, 1993

⁴ Blaine, 1993

⁵ Porter, 1980

⁶ Krugman, 1996

⁷ Boltho A.(1996)

competitiveness among rivalry will be developed to hope give some value to Westport to be a great port than others port in Malaysia.

Beside that, this research will be investigated the political, social and economic factors that caused the competitiveness among rivalry and the services of technology development. The technology development is the important thing to Westport as a new port to compete with other port in Malaysia.

Through this measuring, the players in the Westport or others industry would able to identify their position relative to their peers. For the best practice, knowing so will allow it to strengthen some of its current performance or even introduce new strategies to reaffirm its position.

As for the less – performing companies, the knowledge on their efficiency and the competitiveness level will present them with an invaluable opportunity to reconsolidate their business and operating plans so they are able to emulate the success of their best practice peer.

The Five Forces That Shape Industry Competition



Figure 1: Michael E. Porter Forces Model (Michael E. Porter, 1990)

Figure 1 shows a concept of "five forces model" by Michael E. Porter. This concept involves a relationship between competitors within an industry, which consist potential competitors, suppliers, buyers and substitute products or services. This research is focusing in rivalry among existing competitors and threat of substitute products or services in E. Porter term. Researcher choose only two variable from five's forces is because to identifying the relationship between that both variable.

So, there are many aspect and matter that should be discussed and describe under this side. After the detail research was be implemented, we can see and get the outcome or result. It's important to make sure that these research objectives will state after this is right and will fully achieve.

4.0 RESEARCH OBJECTIVES

1. Identify the main competitors and to measure the competitiveness among rivalry at Westport.
2. Identify the political, social and economic factors that caused the competitiveness among rivalry and the services of technology development.
3. Provides the possible recommendation to upgrade the quality of competitiveness and the services of technology at Westport.

5.0 METHODOLOGY

5.1 Instruments

The questionnaire is the primary source in collecting data from the respondents. The questionnaire will be designed based on the replication process, where researcher will take some questions from previous similar research such as senior students and established researchers through their thesis and articles. Based on those sources, another new set of questions related to this study will be generated. In addition, the questionnaire will be generated based on the literature review. Questions will be design based on the important or relevant point available in the literature review.

5.2 Data Collection Procedures

Data collection is very essential for making research valid and meaningful. To perform this, two types of procedures to collect data will be used. The first procedure is by obtaining data from secondary sources such as journals, internet articles, magazines, newspapers and books. The second procedure is by using questionnaire. The questionnaire will be distributed to 100 customers or more who had interactions with maritime competitors at Westport.

5.3 Questionnaire Design

The questionnaire design will be conducted to produce the findings and result of the study. All data will be analyzed by summing-up all the responds for each individual question and will be presented in table format. The total counts for each rating also will be calculated for questions that use Likert Scale. The Likert Scale is used to examine how strongly subjects agree or disagree with statement by the respondents via a five category. All answers for open-ended question will be

grouped together if they have similarities and presented in a table too.

6.0 ANALYSIS

6.1 Measurement Scales

In this research, the data collected were analyzed by using SPSS software. By using the SPSS analysis, the researcher will be fined the some of outcome based on the data has been collected. Other than that, by using this software the researcher will be also about the relation between the both variable.

A Framework of Data Analysis

i. Descriptive Analysis

(Pie chart, Frequency Distribution, Mean and Standard Deviation)

ii. Inferential Analysis

(T-test, Anova, Correlation, Factor and Cluster analysis)

7.0 DISCUSSION OF ASSUMPTION

Data collection is very essential for making research valid and reliable. To perform this, two types of procedures to collect data will be used. The first procedure is by obtaining data from secondary sources such as journals, internet articles, magazines, newspapers and books. The second procedure is by using questionnaire. The questionnaire will be distributed to 100 customers or more who had interactions with maritime organization at Westport. According the data collection that will be collected, the assumption of the outcome will gain is to know whose the main competitor at Westport. On the other hand, the measurement of the competitiveness among rivalry at Westport will be gained by using the SPSS software to find the level of competitiveness among rivalry at Westport.

Beside that, the identifying of political, social and economic factors and the services of technology development will be gained by using SWOT Analysis or Correlation Analysis in SPSS software. According the SWOT Analysis or Correlation Analysis will hope the impacts or the influents of the factors will be guided Westport to implement their operation as far as good. The last thing is to provide some possible recommendation to upgrade the quality of competitiveness and the services of technology at Westport.

8.0 CONCLUSION

The field study proposes a “Michael E. Porter Five’s Forces Model” to measure competitiveness

of Westport. The experience also suggests several possible applications to strategic decision making at the firm level. There are also several implications for marketing. The factors such as political, social and economic may be quantified, relative to other factors effecting competitiveness, in the context of developing an overall marketing strategy. The provided of recommendation a new methodology or services for ranking markets and competitors will be do it based on literature reviews. Perhaps, this research will do as soon as possible and at the same time this research will be a guided to Westport to manage their competitiveness and services of technology development.

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