



**Technology, Globalization and
Liberalization:
The Effectiveness Of Pos Malaysia Berhad
To Meet Challenges**

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Executive Summary

Technology, globalization and liberalization are new forces that challenge Pos Malaysia Berhad (PMB) core business activity and organizational effectiveness. Being a government control business entity, the institutional and legal set-up to a certain extent limit PMB effective response to the environmental changes. It made more difficult when the entity has to fulfill two divergence objectives; to support some overarching social ideal and to excel in business performance. The interactions of these factors have developed some observable symptoms to PMB organizational weakness. This phenomenon triggered the need to analyze PMB organizational effectiveness to address the challenges.

The analyses based on model derived from existing theoretical approaches which can be explained in the form of equation; $\text{PMB Effectiveness} = \text{Performance} + \text{Competitiveness}$. Performance indicators are profitability; customers service quality; market share and social objective attainment. Comparative position, competitive advantages and SWOT are the competitiveness variables. Data and information for the study obtained from secondary sources. The study shows under the given objectives, institutional set up and environments PMB experienced a sound performance (1995-1999). PMB still monopoly the ordinary mails service market. On time delivery has improved from 64% to 98%. It fulfill social obligation even though it might run on financial loss. PMB has competitive advantage to compete in the domestic market. Competitive comparison indicated PMB quite competitive in term of productivity and on-time delivery standard. It has competences in domestic mail services.

However a deeper analysis indicates that there are signs of competitive weakness and flattening and declining trends in performance. PMB experience low and inconsistency growth and profitability and increasing cost especially in mail products. Losing it ground to rivals and confronted with competitive disadvantage especially in Information and Automation Technology; short on financial resources to; weak in areas where there is the most market potential, a slipping reputation with customers in Poslaju business and counter services; not in good position to deal with emerging threats; lacking skills and capabilities in key areas. The existing corporate structure and control does not permit business professionalism to excel. Legal binding on the USO, tariff structure and terminal dues put PMB on the competitive disadvantage. To meet the future challenges the study suggests PMB to be fully privatized, revamp the existing law, rule and regulation, business objective should override social objectives, focus on business activities where PMB has core competency and develop IT capability. PMB should take immediate action to review the tariff structure and terminal dues and establish mechanism to accurately measure profitability and return on investment of individual product.