

---

## Role of freight and forwarding company in facilitating the export-import process in Kelantan Malaysia

---

Mohd Azian Husin Che Hamat\*,  
Muhd Fadhlullah Rashid and  
Norharifas Binti Mohammad

Pasir Mas Community College,  
PT3302-3307, Taman Sri Kota,  
Pasir Pekan, 16250 Wakaf Bharu, Kelantan, Malaysia  
Email: zian\_160480@yahoo.com  
Email: kelantan\_f@yahoo.com  
Email: norharifas@kkpmas.edu.my  
\*Corresponding author

**Abstract:** This case study discusses the role of freight and forwarding companies in facilitating the export import process related to the Malaysian Quarantine and Inspection Service (Maqis) agency under the Ministry of Agriculture and Agrobased Industry in Kelantan, Malaysia. This case study used qualitative interview method to collect descriptive data on freight and forwarding companies and also from Maqis role, problems faced and suggestions for improvement on the smoothness of the import-export process. The findings of this case study showed that the Maqis needs to issue a specific standard to facilitate the process of aligning the work by informing the Standard Operating Procedures (SOPs) to freight and forwarding companies located in Kelantan, particularly those dealing with import export of products from Thailand. This case study can contribute in terms of ideas and suggestions towards continuous improvement either for the Maqis or the freight and forwarding companies. Suggestions for future researchers need to see the effectiveness of the export import process among customers who use Maqis services from aspects of customer satisfaction and service quality.

**Keywords:** freight; forwarding; export-import; quarantine.

**Reference** to this paper should be made as follows: Che Hamat, M.A.H., Rashid, M.F. and Mohammad, N.B. (2019) 'Role of freight and forwarding company in facilitating the export-import process in Kelantan Malaysia', *Int. J. Economics and Business Research*, Vol. 18, No. 3, pp.387–398.

**Biographical notes:** Mohd Azian Husin Che Hamat is a postgraduate student at the Faculty Business and Entrepreneurship, Universiti Malaysia Kelantan. He graduated with degree in Accounting from Universiti Utara Malaysia and Master in Technical Vocational Education from Universiti Teknologi Tun Hussein Onn Malaysia. He is one of the chartered member in Institute of Logistic and Transport Malaysia. He worked at the Pasir Mas Community College as a Senior Lecturer and has 15 years experience in teaching and learning under certificate in accounting and business and logistic services. His research interest includes management accounting, entrepreneurship, logistic and transportation and service quality. Much of his research is published in the *Politeknik & Kolej Komuniti Journal of Life Long Learning (PKKJLLL)*, *Procedia Social & Behavioral Sciences* and publication under *Scholarly Technical Education Publication Series (STEPS)*.

Muhd Fadhlullah Rashid is a Senior Lecturer from Pasir Mas Community College and teaching under certificate in business operation. He graduated with degree in Civil Engineering from Kolej Universiti Tun Hussein Onn Malaysia and also Master in Civil Engineering from Universiti Teknologi Tun Hussein Onn Malaysia. He one of the chartered member in Institute of Logistic and Transport Malaysia. His research interest includes civil engineering, entrepreneurship and logistic and transportation.

Norharifas Binti Mohammad is a Lecturer from Pasir Mas Community College and teaching in English under certificate in business operation and logistic services. He graduated with degree in Education TESL from Universiti Teknologi MARA (UiTM).

This paper is a revised and expanded version of paper entitled 'The role of freight and forwarding company in facilitating the export-import process in Kelantan Malaysia' presented at ICONMASTER, Bandung, 19 July 2018.

---

## **1 Introduction**

Logistics and transportation are usually linked to the process of delivering goods domestically and abroad. However, when trade and transportation have begun to flourish internationally, transportation requires a freight and forwarding company to manage the delivery of goods in order to be more systematic. Freight and forwarding services offer advisory services, preparation of paperwork and guides to manage the door to door process. Each customer has the option of selecting a suitable method of a provision as suggested by the freight and forwarding company. Companies typically prefer cost savings and time to customer satisfaction without using single vendors such as connecting directly to truck, air and sea transport companies. This case study discussed the role of freight and forwarding companies in facilitating the import process of exports through the Malaysian Quarantine and Inspection Service (Maqis) Department under the Ministry of Agriculture and Agro-Based Industry.

### *1.1 Background of study*

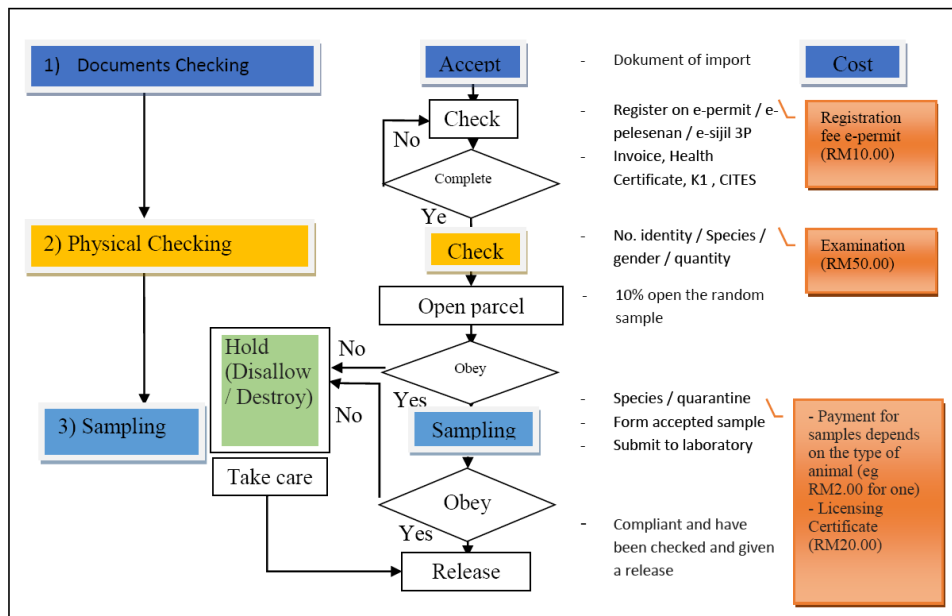
This case study discusses the role of freight and forwarding companies in launching import and export processes for the Malaysia-Thailand border especially through the Maqis agency. The department is responsible for providing integrated services relating to quarantine, inspection and enforcement at entry points, quarantine stations and quarantine premises and certification for the import and export of plants, animals, carcasses, fish, agricultural products, land and micro-agri-ments and including inspections and enforcement in relation to food and for matters connected therewith. According to Norhafizah and Norshamliza (2016), Malaysia experienced an increase in imports of food from outside especially beef and goat meats that contributed to the balance of food trade. According to statistics from the Ministry of Agriculture and Agro-based Industry, demand increase from 2010 amounted to 3,568,000 tonnes, expected to increase to 11,175,000 tonnes by 2020. The demand deficit for livestock production would amount to 3,615,000 tonnes to 14,790,000. This shows that Malaysia relies heavily on the import of livestock products from Australia, New Zealand, India and Thailand to ensure that

meat supplies meet the needs of Malaysians. The import or export process will involve the Maqis as a department that regulates the process. Hence, this case study involves monitoring and interviewing with DLSB managers showing that the establishment of Maqis has a pro and counter effect on both import and export processes. To elaborate case studies in more details, the next chapter will discuss the role of DLSB, problem statements and literature review.

1.2 Problem statement

The results of the DLSB Company’s monitoring show some of the problems faced in the management aspects of imports and exports as case studies. The DLSB Company facilitates the import and export of goods such as animals, vegetables and fisheries that require complete document examinations, especially through e-permits or e-licensing or 3P e-certificates to be complied with. Upon completion of the document inspection, the physical examination and sampling process will be required. As a result of this process, there are worsening and delays in the import export process.

Figure 1 Document examination process flow chart, physical examination and sampling according to Maqis guidelines (see online version for colours)



Among the costs payable by the client in the import-export process such as permit registration fees, physical inspection costs, sampling costs and licensing certificates. Additional costs are at the rate set by Maqis, in the event of a deferment in the process, such as quarantine costs or problematic samples, will be subject to additional charges depending on the cost per day. Hence, the problem becomes the discomfort of customers in dealing with the Maqis. Figure 1 shows the flow chart for the implementation of goods inspection which is import or export which is used as the case study problem.

Establishment of Maqis is also regarded as taking over the role of other government agencies and agencies in the process of screening and sampling of products and goods to be exported or imported. Most of the information submitted by the client to Maqis is less likely to be feedback, often delayed and the officer in charge is less confident with the information available. This poses confusion to customers or agents dealing with the Maqis.

### *1.3 Research objectives*

The main objective of this research is to discuss the role of freight and forwarding companies in facilitating the export-import process related to the Malaysian Quarantine and Inspection Service (Maqis) agency under the Ministry of Agriculture and Agro-based in Kelantan, Malaysia. Specifically, the objectives are as follows:

- 1 to discuss about the role of freight and forwarding company and Maqis to facilitating customers in export and import affairs
- 2 to identify the problems facing from customers perspective when dealing with Maqis
- 3 to suggest for improvements of the implementation in work system either freight and forwarding company or Maqis.

## **2 Literature review**

### *2.1 Role of Maqis*

Maqis is the department responsible for implementing the agenda of launching import or export processes, especially in food, livestock, fishery, plant and animal products through document, physical and sampling examinations to ensure the quality of controlled products before reaching end users. According to Ho and Vu (2014), Malaysia and Thailand are exemplary countries by most Asian countries apart from Vietnam in good management practices and corporate compliance in Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary (SPS) specific to the importation of agricultural industry. Referring to the establishment of Maqis is as follows:

- to ensure that the country's agricultural industry is free of pest, disease and pollution of plants, animals and fish through quarantine, inspection and enforcement activities more effectively
- to ensure that plants, animals, carcasses, fish, agricultural products, crops, microorganisms and foods imported into and exported outside Malaysia comply with human, animal, plant and fish health and food safety aspects through enforcement of relevant written law at the entrance, quarantine station and quarantine premises
- to assist exporters in all issues related to market access and compliance with importing conditions of the country through integrated services
- to improve the service delivery system to customers through more efficient and integrated resource use.

Referring to Section 11 of the Maqis Act, has outlined commodities imposed as follows:

- 1 import/export animal and animal products, import/export fish and fish products, export plants and products
- 2 for control commodities, permits are approved on the basis of permits from the License and Licensing Committee.
- 3 import requirements are determined by the Department of Agriculture [Department of Agriculture, Veterinary Services Department, Fisheries Department, Federal Agricultural Marketing Authority (FAMA) and the Fisheries Development Authority of Malaysia (LKIM)].

All these commodities are legally valid for 30 days or 60 days or 90 days. Maqis also refers to Act 728 relating to the quarantine and inspection services regulations as follows:

- 1 Registration of Importers, Exporters and Agents P.U. (A) 112
- 2 Permit of Licensing, License and Regulation of P.U. (A) 113
- 3 Quarantine of P.U. (A) 114
- 4 Fi and charge P.U. (A) 115
- 5 Quarantine and Inspection of P.U. (A) 116
- 6 import/export requirements from the Department of Policy.
- 7 Customs (Prohibition of Import) Order 2012
- 8 Customs (Prohibition on Exports) Order 2012
- 9 Related SOPs.

The role of Maqis at the entrance border between Malaysia-Thailand especially Rantau Panjang is:

- 1 issuance of import/export permits
- 2 deferred consignment
- 3 document check (permit import/export)
- 4 physical examination
- 5 passenger luggage check
- 6 transport inspection
- 7 mail and post checks
- 8 transit checks
- 9 sample samples and samples for laboratory testing and analysis (PEQ)
- 10 supervision of treatment actions.

## 2.2 *International Trade Act on Endangered Species 2008 (Act 686)*

The continuation of the role of Maqis, Malaysia enacted legislative control mechanisms through the International Trade Act on Endangered Species (Act 686) with effect from 28 December 2009 a string of conventions enforced on Malaysia commencing on January 18, 1988. This Act was enacted to regulate the importers and exporters of offenses that may be convicted of trafficking in endangered species. According to this act, any conviction of an individual offense, a fine not exceeding one hundred thousand ringgit will be imposed for any animal, plant or part which is easily recognisable or animal or plant derivative, meanwhile for the scheduled species a fine shall not exceed one million ringgit in its aggregate, or imprisonment for a term not exceeding seven years or both. The Convention on International Trade in Endangered Species (CITES) has been established to monitor the smuggling of wild animals or endangered species represented by 175 contracts from across the country.

The execution of this Act is largely dependent on the role of the Maqis staff on the awareness of the use of CITES. According to Mulualet al. (2017), a study conducted on the staff of the inspection centre, indicated that the CITES guidelines were indispensable for staff to monitor their threatened species trafficking despite the rate of consumption of 66.7%. Hence, the role of the government in raising the awareness of Maqis staff to ensure staff are fully utilising CITES references in carrying out their duties. According to the Challender et al. (2015), there are some interventions that need to be done in strengthening the implementation of:

- 1 factors that undermine national wildlife trade governance
- 2 determine the sustainability of harvest rates for CITES species adjustment management
- 3 acquired purchases within the state community for the implementation of CITES
- 4 market interventions based on supply and demand
- 5 how to determine illegal trade
- 6 political role and influence in CITES.

## 2.3 *Customs roles*

The DLSB Company is a licensed agent to Customs in preparing Customs documents to be complied with in accordance with the Customs Act 1967. According to Mirza (2016), most Customs agents have enforced compliance practices so that Customs agents pay appropriate import duties and taxes and must be in compliance with sanctions and compliance which has been outlined by the Customs. The Customs also need to issue a professional standard for Customs agent's reference in Malaysia (Mirza, 2016).

According to the import guide of goods by sea, air and land use Customs Form No. 1, either pledge himself or through an authorised shipping agent under Section 90 of the Customs Act 1967, together with supporting documents. The declaration can be made using the EDI Store facility or via the SMK-DagangNet Interface system (SMK-DagangNet interface).

For dutiable/taxable goods imported by sea and air of the declaration shall be made within 30 days from the date of arrival of goods according to the requirements of Section

78 (1) of the Customs Act 1967. For dutiable/taxable goods imported by land to be pledged and explained duty/tax on arrival. Duties/taxes shall be settled within 14 days after it is approved by the Customs. If a declaration is not made within the prescribed period, the proper officer of customs may, by notice in writing, require the importer either himself or his agent to submit the import declaration within three days of the receipt of the notice. Where the import acknowledgment fails to be made within the prescribed period, the Customs officer whose right may seize the goods in accordance with the provisions provided under section 114 of the Customs Act 1967, and dismisses the rights pursuant to the provisions provided under Section 126 of the Customs Act 1967, and may be auctioned according to the provisions is given under Section 128 of the Customs Act 1967, to get the amount of duty/tax involved. The following chapter illustrates the methodology used during this case study through interview protocol.

### 3 Research methodology

Case studies are qualitative by using descriptive data citing techniques through interviews (Merriam and Tisdell, 2016). The use of interview techniques allow researchers to gather opinions, thoughts, views and experiences in the form of direct statements from survey respondents. This study selects semi-structured interviews as a means of obtaining data as it is more systematic and focused. According to Merriam and Tisdell (2016), interviewing techniques are a quick way to get more information in a short time, either using face-to-face techniques, over the phone, online or a mix of the three techniques. Collecting information is also made through Customs and e-Permit documents referenced by freight and forwarding company in the export import process. This document will reinforce the data obtained in the interview session. Figure 2 showed about the process of methodology.

**Figure 2** The process of methodology

Data Collection	Process Data	Analyse Data	Interprete & Elaborate
- Interview (2 parties – freight & forwarding company and Maqis)	- Audio recording - Notes - Jotted noted - Field noted	- Soft & classified - Thematic method - Categorized - Open coding selection	- Processed Data

This research used thematic analysis based on Creswell (2007), mentioned thematic analysis have six phases such as

- 1 identify (items of interview)
- 2 generating code
- 3 generating themes
- 4 reviewing potential themes
- 5 defining and naming the themes
- 6 producing the report.

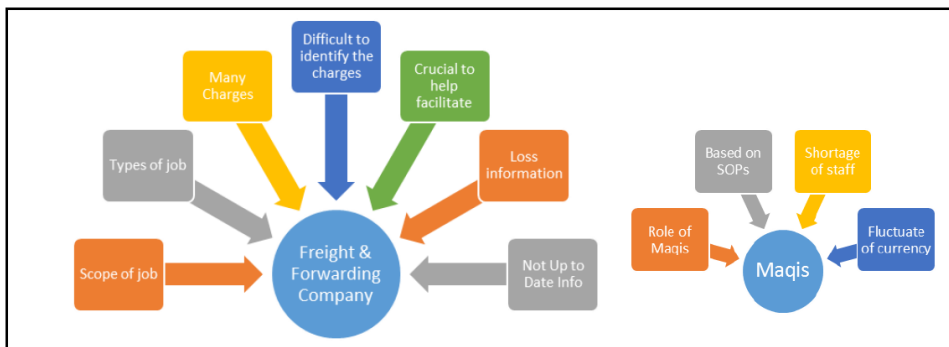
Regarding from Braun and Clarke (2006), the main objective of thematic analysis is to identify, analyse and reporting the data, also minimize the process of organising and describes the data. However, frequently it goes further than this and interprets various aspects of the research topic.

This case study used interview techniques as a methodology. The interview was made with samples from DLSB as freight and forwarding company and also from Maqis officer under Quarantine Unit at Rantau Panjang Kelantan Malaysia.

### 3.1 Research framework

The framework of this study is referring to Figure 3: Perspective under freight and forwarding company and Maqis.

**Figure 3** Perspective under freight and forwarding company and Maqis (see online version for colours)



## 4 Findings and discussions

The findings from the interviews have shown that the following aspects are based on the objective research. The thematic analysis has been used to analyse the interview based on seven themes for freight and forwarding company and four themes for Maqis.

### 4.1 What is the role of freight and forwarding company and Maqis to facilitating customers in export and import affairs?

#### 4.1.1 Scope of jobs

The DLSB Company serves as a service agent that facilitates customers in launching exports of goods especially between Malaysia and Thailand. Since the establishment of the DLSB for almost 17 years, the company has been able to survive by providing door to door Thailand imported products such as religious and Quranic books, cosmetics, fish, and export of sawn timber for freight forwarding and forwarding services for their customers DLSB also manages customs documents through e-declare as well as e-permits for Maqis affairs (Department of Quarantine and Inspection Services Malaysia). DLSB also runs lorry and equipment rental services for customers in the import and export process.



#### *4.1.2 Types of jobs*

DLSB also operates services such as sea freight (Port Klang) and also air freight (KLIA) upon their customer's request. However, these two types depend on the cost and suitability of the product. The DLSB will provide a suitable proposal for the type of product and the cost that the customer can afford.

#### *4.1.3 Role of Maqis*

The on duty Maqis officers consist of officers from the Department of Agriculture, Department of Fisheries, Veterinary, Federal Agricultural Marketing Authority (FAMA) and the Fisheries Development Authority of Malaysia (LKIM). They act as person in charge (PIC) for each agency to facilitate animal quarantine management in Maqis. All these departments helped launch the role of Maqis in improving quality and compliance to import/export of products. Activities carried out by Maqis are like document checks, physical/animal/plant physical checkups and sampling.

#### *4.1.4 Based on SOPs*

The admissions process animals to Malaysia (Rantau Panjang) based on the Standards of Procedures (SOP) that have been made by Maqis starting from the process of animal quarantine and enforcement at Malaysia-Thailand border.

### *4.2 Identify, what the problems facing from customers perspective when dealing with Maqis?*

#### *4.2.1 Many charges*

Maqis has issued a permit rate, fee and chargeback fees as well as quarantine charges to freight and forwarding agents to facilitate the process of export import applications. The process of checking documents is done by checking documents such as invoices, health certificates, K1, CITES and SKP1. Upon completion of the document checking process, physical examination will be conducted by Maqis by selecting 10% of the imported/exported products to be checked. For animals such as cattle, quarantine process begins after imported cattle have been injected with the drug (prevention of disease foot and mouth) and quarantine for 15 days at the Office of Quarantine Maqis. Each work procedures such as checking (RM2), quarantine place (RM30 per item) and expired certificate quarantine (RM2) are charged.

#### *4.2.2 Difficult to identify the charges*

The problem faced when dealing with Maqis is in terms of rates and fees which are charged in high amount and that the agent feel difficult to identify the charges. Rates and charges are issued by Maqis but most customers do not know about rates and charges. The customers only hand over everything to the agent to complete the import/export process. But in reality there are many costs, rates and fees that customers need to bear.

#### *4.2.3 Crucial to help facilitate*

Upon completion of the inspection process, the sampling process will be made if the product is in the form of fishery and food. The sampling process takes time before the licensing certificate is issued. Upon completion of the sampling process, the product may be discharged and ready to be imported/exported to the customer. Hence the role of Maqis is crucial to help facilitate work processes in DLSB before entering data in e-declare (Customs system) for further processing for import and export.

#### *4.2.4 Loss information*

The Maqis also charges additional charges on items experiencing problems in the sampling process and these charges depend on costs throughout the sampling process. Establishment of Maqis is also regarded as taking over the role of other government agencies in the process of screening and sampling of products and goods to be exported/imported. Most of the information raised to Maqis was less likely to be responded. There is also information asked to be connected to other agencies. This creates confusion for the customers or the dealing agents.

#### *4.2.5 Not up to date information*

The Maqis should coordinate the work process by informing the Standard Operating Procedures (SOPs) to freight and forwarding agents found in Malaysia in particular dealing with import/export of products from Thailand. Maqis shall also disclose in details the incremental costs or fees incurred in the process of inspection and sampling of the product. This can help agents and customers in estimating costs before proceeding with the import or export process. The role of the freight forwarders and forwarding agencies is to provide complete information regarding Maqis' cooperation and ensure the latest info is coordinated from time to time.

#### *4.2.6 Shortage staffing (Maqis)*

The transition of this power was exercised in 2016 and a shortage of staff to be placed in the field by Maqis has been set.

#### *4.2.7 Fluctuate of currency*

The import and export processes for animals and raw food are decreasing due to the Thailand decline currency factor. As a result of currency collapse, the export of food and animals has moved to other countries such as China.

### *4.3 What are the suggestions for improvements of the implementation in work system either freight and forwarding company or Maqis?*

The Maqis should coordinate the work process by informing the Standard Operating Procedures (SOPs) to freight and forwarding agents found in Malaysia in particular dealing with import/export of products from Thailand. Maqis shall also disclose in detail

the incremental costs or fees incurred in the process of inspection and sampling of the product. This can help agents and customers in estimating costs before proceeding with the import or export process. The role of the freight forwarders and forwarding agencies to provide complete information regarding Maqis' cooperation and ensure the latest info is coordinated from time to time.

Overall, this section discusses the findings of interviews with a DLSB manager and Maqis officer on aspects such as the role of the company, Maqis, customer concerns as well as suggestions for better improvements in import/export management. The latter section discusses appropriate recommendations to enhance the role of Maqis as a department that launches the import/export process of goods and the role of DLSB as a freight forwarding agent and forwarding or facilitator.

## **5 Suggestions and conclusions**

This case study suggests some actions to be taken in the future for the goodness of the DLSBs who are agents and consultants to customers who need the import/export services of goods abroad. Apart from that, all the proactive actions taken will definitely be beneficial for the agencies which need the latest info related to the import/export process through Maqis from time to time. The Maqis should coordinate the work process by informing the Standard Operating Procedures (SOPs) to freight and forwarding agents found in Malaysia in particular dealing with import/export of products from Thailand.

The role of Maqis should also be fully informed regarding the incremental costs or fees incurred in the process of product inspection and sampling. This will assist agents and customers in estimating costs before proceeding with the import or export process as well as avoiding the delay of the process. To help the process of importing/exporting, the Maqis will act as the department to manage the animal quarantine which needs to be done to ensure that halal process is guaranteed and qualified. Any information concerning this procedure can be referred to the Maqis because they have placed officers who specialised in the related field. The issue of lack of staff should be taken promptly to avoid problems that would arise in the process of importing and exporting, customers obtain information with respect to quarantine.

On the whole, the role of freight forwarders and forwarding agents in Malaysia is very important in launching the import/exporting process of goods overseas. The agent is a consultant who helps Maqis to be a facilitator to the customer to implement the import/export process. Through this case study, it provides explanations in regards of the role of Maqis as well as agents in assisting and improving the quality of work especially in the import/export process. This case study can also contribute in terms of ideas and suggestions towards the continuous improvement of either the Maqis or the freight forwarders and forwarding. For future research it is necessary to see the effectiveness of the export import process among customers who use Maqis service from customer satisfaction and quality aspects.

## References

- Braun, V. and Clarke, V. (2006) 'Using thematic analysis in psychology', *Qualitative Research in Psychology*, Vol. 3, No. 2, pp.77–101, ISSN 1478-0887 [online] <http://www.eprints.uwe.ac.uk/11735>.
- Challender, D.W.S., Harrop, S.R. and MacMillan, D.C. (2015) 'Towards informed and multi-faceted wildlife trade interventions', *Global Ecology and Conservation*, Vol. 3, pp.129–148 [online] <https://doi.org/10.1016/j.gecco.2014.11.010>.
- Creswell, J.W. (2007) *Qualitative Inquiry and Research Design: Choosing Among Five Approaches*, 2nd ed., Sage, Thousand Oaks, CA.
- Ho, N.T. and Vu, N.K. (2014) 'Improving the compliance of Vietnamese export with importing WTO member SPS/TBT measures: learning experiences from Malaysia and Thailand', *Global Trade and Customs Journal*, Vol. 9, No. 4, pp.74–86.
- Merriam, S.B. and Tisdell, E.J. (2016) *Qualitative Research: A Guide to Design and Implementation*, 4th ed., Jossey-Bass Publishers, San Francisco.
- Mirza, M. (2016) *Import Tax Compliance: A Study of Customs Agents in Malaysia Utilising the Theory of Planned Behaviour*, PhD thesis, University of Nottingham [online] [http://www.eprints.nottingham.ac.uk/33450/1/Customs%20Agents%20Compliance\\_Thesis\\_Mirza.pdf](http://www.eprints.nottingham.ac.uk/33450/1/Customs%20Agents%20Compliance_Thesis_Mirza.pdf) (accessed 28 January 2018).
- Mulualem, G., Mesfin, M., Alene, N., Nigussie, H., Tesfahunegny, W. and Yirga, G. (2017) 'Knowledge, attitude and practice of custom staffs on illicit wildlife trafficking in four checkpoints of Northeastern Ethiopia', *World Journal of Zoology*, Vol. 12, No. 4, pp.82–91.
- Norhafizah, S. and Norshamliza, C. (2016) 'Agricultural policies effect on livestock industry – perspectives from Malaysia and New Zealand', *International Journal of Agriculture, Forestry and Plantation*, Vol. 2, pp.77–83, ISSN 2462-1757 [online] [http://ijafp.com/wp-content/uploads/2016/03/KLIAFP2\\_59.pdf](http://ijafp.com/wp-content/uploads/2016/03/KLIAFP2_59.pdf).