

Liberalisation of Services Sector in Malaysia: Domestic Regulatory Reforms and the Impact on Professional Services

Rokiah Alavi*, Norsiah Mohamad+, and Ruslan Abdul Aziz#

ABSTRACT

In 2012, the Malaysian Government announced liberalisation of 27 services sectors, including selected professional services. This announcement came as a surprise to the industry players because they had been protected all this while and that it came unexpectedly too soon. This paper intends to investigate the level of awareness and the readiness of professional service providers in Malaysia in facing greater competition as a result of liberalisation of the sector. For this purpose, a case study was conducted on consultant engineers in Malaysia using survey and questionnaire research methods. The findings show that though majority of the respondents are aware of the liberalisation announcements, they have low level of understanding on the actual implications of the liberalisation exercise. It is also found that consultant engineers in Malaysia are highly domestic oriented and many of them lack confidence in seizing opportunities created by greater market access in overseas market. The findings of this study also confirm that regulatory reforms and liberalisation initiatives can only be effective in achieving the intended objectives when the government and stakeholders have in-depth understanding of the industry at the sectoral and disaggregated levels, and have appropriate knowledge of the industry's competitive strengths, weaknesses and opportunities. It is also important for the policy makers to identify the market failures that impede the progress and competitiveness of service providers, thus the call for informed policy interventions.

* Professor, Department of Economics, Kulliyah of Economics and Management Sciences, International Islamic University Malaysia. She may be contacted at rokiahhalavi@gmail.com.

+ Senior Lecturer, Department of Quantity Surveying, Faculty of Architecture, Planning and Surveying, University Technology Mara, Selangor, Malaysia. He may be contacted at norsiahmohamad@yahoo.com.

Senior Principal Assistant Director, Health Division, Public Works Department, Government of Malaysia. He may be contacted at ruslanaziz@jkr.gov.my.

The views and opinions reflected in this paper are that of the authors alone.