

IMPACT OF LIBERALISATION IN PROFESSIONAL SERVICES IN MALAYSIA

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Liberalisation means the action of the government in lessening or deregulation the restriction such as in economy, social or political policy. Liberalisation of service sector was undertaken by the government of Malaysia since Malaysia Budget 2012 in order to internationalize the domestic firms into foreign market, offer technology, capital and expertise transfer to local firms, indirectly creates competition among professional service firms in Malaysia.

Liberalisation of Construction Professional Services (CPS) firms allows more opportunity for Malaysian companies to expand out of domestic market and entering the regional market or global market. Besides, liberalisation gives opportunity in a way to increase the level of service to local clients or customers with regards to its service quality and more competitive cost.

New technologies will be bring into local market, as well as transfer of foreign expertise to meet the shortage of skilled manpower in Malaysia for certain segments of construction projects. Moreover, local CPS firms could be benefited from economic liberalisation i.e. free flow of capital between nations and the efficient allocation of resources and competitive advantages. In addition, liberalisation may reduce the political risks for investors and this low level of risk is also part of the reason the stock market in the liberalised country will increase once the barriers are gone.

However, the evolving market after liberalisation pressured the local CPS firms in Malaysia to be more competitive as the firm has to adapt to an open market competition by building up their efficiency, productivity and competitiveness by all means to increase foreign participation while adopting the best global practice standards.

Liberalisation may also bring challenge to the local firms by providing opportunities to foreign CPS firms entering Malaysia to gain foreign domination which may reduce the opportunities for locals to hold key positions in the industry. In addition, increase to open market environment, incipient stage of development of SMEs, cross-border supply problems, productivity and efficiency may also affect the profitability of business organisations.

In overall to say, as Malaysia is actively participating in liberalisation of service sector, the local CPS firms must be prepared to face challenges from foreign CPS firms to tap onto the domestic construction market. It is also important to ensure the domestic regulations support rather than slow down the developments of service sectors, eventually lead to a strengthened position in the industry.

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