

# Swot analysis on malaysia economics essay

[Economics](#)



**ASSIGN  
BUSTER**

AGlobal/Country Study ReportOnMalaysiaSubmitted To: Parul Institute of Management and Research (PIMR)MBA 1st ShiftSEM IVUnderGujarat Technological UniversityPrepared By: Trupti Parmar(47)Taral Patel(46)Komal Christian(48)Pratik Modi(49)Riddhi Sorathiya(50)Guided By: Prof. Kosha NairIndex: Sr NoParticulars1Service sector in Malaysia2SWOT analysis on MalaysiaStrengthWeaknessOpportunitiesThreat3Service sector in India4SWOT analysis on IndiaStrengthWeaknessOpportunitiesThreat5Service sector opportunities in Gujarat6Suggestion7conclusion8Bibliography

## **SERVICE SECTOR IN MALAYSIA:**

The service sector is strongly known as the tertiary sector and Industries. Service is defined in conventional economic literature as intangible goods and services. The tertiary sector of economy involves the provision of services to businesses as well as final consumer's beneficiary. It has been globally accepted that an adequate measures of service sector contribution to the economy is 22% of total exports. In Malaysia the figure for 2006 and 2008, at Ringgit Malaysia (RM) 101. 9billion and RM103billion respectively, came up to 18%. As per World Trade Organization (WTO), eight developing countries are in the list of the world's 30 biggest exporters of service sector and Malaysia was ranked 30th in 2008. At Currently 9% of the services sector shares of GDP consist of services provided by the Government. The remainder is the trade services sector which has commercial, growth and development prospects. Industry policy in Malaysia falls into four types. Each type is characterised by different objectives: Wealth redistribution industrial policy is intended at making sure of a fair distribution of wealth amongst all different races in the nation. An export promotion industrial policy is

objective at endorsing the development of manufacturing industries serving in foreign markets and global market.. Import substitution industrial policy's reasons for promoting the development of manufacturing industries serving domestic markets and also for Internal markets. Response to globalisation industrial policy aims dealing with new competition from large firms in the domestic market. Export promotion industrial policy: Malaysia has executed this policy extensively for the years. This has assumed the form of granting tax incentives and holidays, establishing export processing zones and industrial areas. Import Substitution Industrial Policy: Malaysia has been executed at least two types of import substitution policies. The first type targeted at promoting the development of light industries like food, paint, and clothing. The second type had focus on the development of heavy industries. This kind if industrial policy is executed through targeted government investments supported by tariff protection, import, restrictions, and at times government favouring products manufactured locally.

## **Swot analysis on Malaysia:**

### **STRENGTHS:**

Malaysia is a country on the continuous going on. Often dubbed the lucky country because of its wealth of mineral resources and fertile soils, Malaysia did not rest on its laurels but took decisive steps to progress from an economy dependent on agriculture, primary commodities and electronics goods in the sixties to a manufacturing-based, export-driven economy spurred on by high technology as well as new innovative technologies and innovative ideas develop, knowledge-based and capital-intensive industries. The structural transformations of Malaysia's economy develop from last 35

years surprise. Continuous Economic Growth: Malaysia's new innovative and faster booming work management through economy is extremely and gradually improvement. Malaysia continuously changes and modifications of technology and skill development through as impact that Malaysia economy flexibility examine competitive countries. Their main motto is continuous development and change. Supportive Government Policies: Malaysia Government also takes seriously initiative to being strongly helpful for public sector as well as private sector business. Government take same liberalize against critical government rules and regulations. And also provide tax benefits plans for service sectors booming. Like liberal policies for foreign direct investment in service sector. Liberal Equity Policy: We know that some countries government involving in private sectors business and some government restriction rules and regulation due to its business does not expansion but in Malaysia government allowed 100% equity holding in project markets. And also allowed 100% foreign direct investment in service sector. Attractive Tax Incentives: Malaysia's company tax rate is attractive at 29% and is applicable to both internal and external companies. Malaysia also offers a exceed of tax incentives for manufacturing projects under the Promotion of Investments Act 1987 and the Income Tax Act 1967. The main incentives are the Pioneer Status, Investment Tax Allowance, Reinvestment Allowance, and Incentives for High Technology Industries, purchasing and selling equities and Incentives for Strategic Projects and Incentives for the Setting-up of International/ Regional Service-based Operations.

**Weaknesses:**

**Malaysia needs to lock itself in to great Asian player's china, India, US and Indonesia.**

**Service sector growth can leverage Asia-pacific momentum while also keeping employment and money at home.**

**Malaysia needs to expansion its strategic South China Sea location and positions itself as service hub for emerging Asian middle classed- the so called air Asia game plans.**

**Malaysia can drive its growth and features by providing services to only Indonesians.**

**Opportunities:**

Liberalization of services sector: The liberalisation of the services sector in Malaysia will open up greater opportunities for the young generation to be employed in an international company. International Trade and Industry Deputy Minister, Datuk Jacob Dungau Sagan yesterday said the presence of the foreign companies would diversify the sectors into areas that were yet to be ventured by local companies. Speaking at a press conference after making his presentation at his ministry's open day at University Malaysia Sarawak here, he said the Legoland theme park in Johor's Iskandar Malaysia development was among the successes achieved through the liberalisation of the sectors. Indian fast foods and finger foods: In modern time youth are mostly like to eat fast and finger foods like pizza and burgers. It is a very favourite food in India as well as many other countries. MacDonald's and Pizza Hut know as their pizza and burgers favours. It's a lay good role model in fast food service industries. They are provide best quality products and with low prices. and also provide best infrastructure for consumers. Family

diners: In Malaysia live many others religious peoples so same religious take lunch and dinner with whole family members. Well arrange sitting and different religious favours food. Create like a home atmosphere in the restaurant. Sandwich & salad parlours: In Malaysia peoples does not like to eat heavy and spicy foods so Malaysian peoples like to eat soft and health food like Salad and Sandwich. And like to eat in the morning whenever commercial peoples going to daily work duties. Means breakfast food. Salad and Sandwich is most health for maintain perfect health. Bread and other bakery product outlets: in foreign and fast growing countries peoples have not sufficient time to cooking and arrange dinner food. So they are like to eat Bread and other bakeries product with one cock. These are ongoing food like walk and eat. In Malaysia bread and bakery's business is earning good profit with lower margin of investment. Career counselling centres: With over 32 million births per year, and at least 3 million of these likely to go for studies beyond the 12th grade but having little idea about the job and vocation trends in India and beyond, to this is one sector that is poised for rapid growth. Through it peoples being well aware about importance of career and it's goal.

## **THREATS:**

Financial Services Sector: Bank Negara Malaysia, the country's financial services regulator, said the domestic life insurance sector will continue to grow with the economic recovery, and will not be adversely affected by the acquisition of AIA Group Ltd. by United Kingdom. - based prudential pictures. The growth is mainly due to improvements in the performance of the equity market and in business conditions. Growth figures show the financial sector

in Malaysia remains sound and resilient, said by Bank Negara Malaysia. The proposed acquisition of American International Groups by Prudential may lead to more intense market competition and a potential layoff problem in Malaysia, said the regulator. A spokesperson declined to comment on whether it will take actions to protect the insurers' employees and policyholders, but said efforts are constantly undertaken to ensure that the financial sector continues to remain strong and robust to effectively meet the financial services needs of the economy.

- 

Threat of terrorism in Malaysia: The impact of the public displeasure of the Prime Minister, Datuk Seri Dr. Mahathir Mohamad in his message to the Dewan Negara on Monday over the move by certain countries to place Malaysia on top of the danger threat list issued to travellers affecting tourist arrivals and the entry of foreign investment could not last more than 84 hours, for it was completely eclipsed by the latest warning by the United States on Wednesday that terrorist attacks similar to last month's Bali bombing which killed nearly 400 people could take place in other Southeast Asian nations, including Malaysia. Threats to safety and security: The Department of State remains concerned about the possibility of terrorist attacks against U. S. citizens in Southeast Asia. In each and every organization Safety and Securities in major problems. Every countries spend much money on Safety and Securities but the also result in uncertain and not garneted. The U. S. Government has designated two such groups, Jemaah Islamiyah (JI) and the Abu Sayyaf Group (ASG) as Foreign Terrorist Organizations. JI, which has a known presence in Malaysia, is linked to al-

Qaeda and other regional terrorist groups and has cells operating throughout Southeast Asia. Traffic safety and road conditions: While in Malaysia, you may encounter road condition that differs significantly from those in the United State. The information below concerning Malaysia is for general reference only and may not be totally accurate in a particular location or circumstance. Many car rental agencies in Malaysia are willing to rent vehicles for a short term to United State citizens with valid United State driver's licenses. In many area road and infrastructure in not properly development so it's a threat for a counties. Nevertheless, if you plan on driving in Malaysia, we strongly urge you to obtain an international driving permit (IDP) before leaving the United States. More information on how to obtain an IDP is available on the Road Safety Overseas section of the Department of State website. If you plan to stay in Malaysia for a longer period of time, you must obtain a local driver's permit through the Road Transport Department of the Malaysia.

### **SERVICE SECTOR IN INDIA:**

The service sector now accounts for more than half of India's GDP: 53. 16% in 1998-99. This sector has gained at the expense of both the agricultural and industrial sectors through the 1990s. This rise in the service sector's share in GDP marks a structural shift in the Indian economy and takes it closer to the fundamental of a developed economy (in the developed economies, the industrial and service sectors contribute a major share in GDP while agriculture accounts for a relatively lower share). The service sector's share has grown from 47. 69 % in 1990-91 to 55. 16 % in 1998-99. In contrast, the industrial sector's share in GDP has declined from 27. 38% to



20. 01% in the 1990-91 and 1998-99 respectively. The agricultural sector's share has fallen from 38. 93% to 24. 83% in the respective years. Some economists caution that if the service sector bypasses the industrial sector, economic growth can be distorted. They say that sector growth must be supported by proportionate growth of the industrial sector, otherwise the service sector growth will not be sustainable. It is true that, In India, the service sector's contribution in GDP has sharply risen and that of industry has fallen. But, it is equally true that the industrial sector too has grown, and grown quite impressively through the 1990. Services or the tertiary sector of the economy covers a wide gamut of activities like trading, banking & finance, infotainment, real estate, transportation, security, management & technical consultancy among several others. The various sectors that combine together to constitute service industry in India are: ITHotels and RestaurantsBankingOther Transport & storageCommunication(post, telecom)RailwayInsuranceReal Estate BusinessBusiness servicesPublic Administration; DefencePersonal ServicesCommunity ServicesOther Service

## **Swot analysis on India:**

### **STRENGTH:**

The accelerated economy growth of both India and china in recent year has been a focus of significant policy discussion and analysis. On the other hand this growth is led by the It industry in India, on the other, it is the manufacturing industry based in china. However, service sector play very different role in both countries. the share of service sector in India's GDP is 62% while its share in china GDP is 48. 70%. since 1992, india and china have witnessed spectacular average annual growth rate of 10. 5% and 6. 6%

respectively (for period of 1992 to 2005). In India, service sector has become dominant contribution, such that the success in this regard has been called is India's services sector revolution. However, in china, the services sector has lagged behind the manufacturing sectors. During the 1955 and 1965, research by Kuznets and chenery suggested that the development would associated with sharp decline in proportion of GDP generated by primary sector, counter balance by significant increase in industries and modest increase in services sector. Kongsamut conducted a study of 125 countries and show that the sector share given agriculture as the economy lecture goes more services sector and less to the industries. Furthermore the Morden view also suggests that the share of agriculture declines the economy grows with an increase in services sector, and share of industries first increase and then stabilizes or declines. India's growth trajectory fits in the pattern. Quite perfectly in the four decade period 1955-1990, agriculture share in GDP decline by 30% while industries and services, both gain equally. The share of industries stabilized in 1990 and the entire subsequent decline in agriculture has been picked up by the services sectors. However, we see that despite a considerable decline in the share of agriculture in GDP, there has been no significant decline in the share of agriculture in employment . on the other hand the share of services in GDP has raised but with no increase in the share in employment. As Matter of fact, that there has been a decline of 1%.

## **WEAKNESS – LIMITATIONS**

The services sector in India as at present, suffer from low productivity low quality in spite of fairly large investment in technology unless sustained

effort are put in to improvement of these, with the increasing importance the services in weak of structural adjustment and liberalisation in the economy, we may get in two alternative scenarios. One, economy and social position of workers in services sector will steadily go down since real incomes cannot be higher than productivity for any extended length of time. This means economy stagnation and consequent social and consequent social tensions. Two, the workers in the sector will use their numerical strength to get wage higher than their economic contribution justified. Reducing every ones income and increasing unemployment, like, personnel having technical skills

Two, the workers in this sector will use their numerical strength to get wages higher than their economic contribution justified it. Reducing everyone's income and increasing unemployment, for example, personnel having technical skills. The knowledge, the workers have about their job, is the starting point for improving productivity, quality and performance. Partnership with other equally knowledgeable workers is the only way to ensure higher productivity and qualities of product.

## **OPPORTUNITIES:**

As below list of oppurnities ready for the taking of the food and services areas is rather long. Among the most interesting one in the food and dinner sector are the following: Indian fast food/finger: While pizza and burger and popcorn may find a lot favour from Indians across India, and across all age and income groups, the facts remain that almost all religion of India still have their own local fast food options and outsell the imports by mail. MacDonald's and Pizza Hut can be the role models in terms of efficiency of service, hygiene, quality, and overall value but the menu should be Indian

rather than Indianite version of American food. Bread and other bakery product outlets: as per KSA studied on the eating habits of urban Indians specially bread and other bake products are very high changing preferences per KSA studies on the eating habits of urban Indians, specialty bread and other baked products are very high on the changing preferences. The success of five-star-hotel-based bakeries for the up market consumers. Multi-cuisine food courts: for a country having such a wide range of repertoire of cuisines, and the ever increase more adventurous Indian plates, and the growth an eating at out as an activities. Ice-cream and juice/beverage parlours: There have been many start ups and some continue to do well such as bhailal. Sadly, however, there is a glaring gaps between the nearly price & value need and the available many options if one were to note that Bhailal is largely Delhi-based and the only other choice is perhaps Baskin Robbins. Indian " desserts and snack food" chains: Lastly, in the genre of food and food service chains, it is a biggest opportunities to starting national or at least regional chains offering Indian sweet, namkeen/farsaans, and snack-foods such as vada and samosas. Manmohan success should certainly put any doubt on this opportunity to rest. What is needed is a belief that the Manmohan business model can be replicated (and certainly improved upon from the customer service perspective) by even large business houses such as ITC and others.

## **THREATS:**

Cyber attacks leading threat against USA: US intelligence leaders said for the first time on Tuesday that cyber attacks and cyber espionage have supplanted terrorism as the top security threat facing USA. India's global

dreams need local solutions: If we do a few things correctly, there will be a gradual shift in the way India is viewed by the global community when it comes to manufacturing, writes V Raja the National electronics manufacturing policy approved by the Cabinet will work if we fix the operating environment and tax structures. It has become common for our trade pundits to make emphatic claim that India is set to become the next major global manufacturing hub, an aspiration or wishful thinking. Travel agents to seek review of a transaction fees: Travels agent associations TAAI and TAFI have decided to move the Supreme Court to seek a review if its recent directive that had banned airlines from charging transaction fees in any form. We are an affected party of the court directives. We will petition the apex court for modifications in its directives and interim measures. We want a status quo ante, Travel Agents Association of India (TAAI) legal advisor Bhupendra Singh Chauhan told reporters in Mumbai.

## **SERVICE SECTOR OPPORTUNITIES IN GUJARAT:**

Service sector consist of the soft parts of the economy such as insurance, government, tourism, banking, retail, education and social services. In soft sector employment people use time to deploy knowledge assets, collaboration assets and process engagement to create productivity, performance improvement potential and sustainability. TYPICALLY SERVICE SECTOR EMPLOYEMENT INCLUDE: Hotel & Restaurants- Business servicesCommunication- Tourism BusinessBanking & Insurance- Information TechnologyEducation & HRD- Transport and storageConsulting - Real EstateIndia's large sector of engineering & Technology talent and its rapidly expanding telecommunication sectors, IT-ITES have in current years been

the key catalyst of growth way. Growth and improvement of effectively in others key areas, such as Information Technology, financial services, transportation and transport infrastructure facilities, are vital to facilitating expansive of service sectors of the economy. Employment Distribution Employment is distribution across the services sector with community, social and personal services accounting for 0.9 million followed by transport, financial, IT, storage and communication etc. The total employment opportunities in public sector and private sector has been increased from 1.75 million at the end of June 2007 to 1.90 million at the end of July 2008 growing at 2.35% The employment in a private sector has been increased to 0.955 million at the end of July 2007 to 1 million at the end of 2008 Education Sector Gujarat had an effective and efficiency literacy rate of 61.3% as per 1991 census. Gujarat goal to have 100% literacy by 2011. Knowledge based and talent based companies have been prominent among the fastest growing services in the Gujarat. The provisional number of education institute imparting primary education is 39,066 in 2006-07 32 university and 43 degree engineering and 57 diploma collages provides a pool of quality knowledge manpower. EDUCATION OPPORTUNITIES Setting up of short term and distance learning courses in existing ITI, Polytechnics, diploma and Engineering Colleges Setting up of anchor Institutes in various different focus industry sectors. Setting up of Bio-Technology research oriented institutions covering a wide variety of contract research of bioremediation and quality certification and validation facilities and institutes specializing post graduate courses, graduate courses, specialized courses and value added courses Opportunities in health-care sector to develop and improvement of facilities clinical research institutes, Healthcare <https://assignbuster.com/swot-analysis-on-malaysia-economics-essay/>

Outsourcing (BPO)Health SectorHealthcare's important for having a healthy production workforce and general welfare so as to achieve population stabilize and good health. Gujarat is on very firstly forefront of establishing and maintaining good health infrastructure at various levels. Recently 1425 health institute are functioning at different levels 1075 primary health centers, 275 community health center and sub district level hospitals. Gujarat offers holistic medicinal services and cost effectiveness treatment through various district hospital, sub district hospital and private specialty hospitals. Information TechnologyThe projected software export will be achieved 242 million USD in 2011-12The state produce around 611919 graduates each year, nearly 14. 7% of which can be directly from the IT workforce based and the rest have the occupied to be employed in the its sectors. The state has 38 AICTIC approved engineering collages which produce nearly 14000 students every year. Tourism SectorGujarat has immense potential to become a biggest tourist destination. Its historical monument represent the religions of Asia- Hindu, Buddhistt, jain, Islamic, sikh and parsee. There are more than 400 archaeological sites in the state including many of the most substantial excavations of Indus valley civilization period at Lothal. The state has important pilgrimage place like Dwarka, Somnath, Dakor, Ambaji, Udwada, Navsari, Pawadardh, Surat and Vadodara etcReal Estate SectorThe industries of the state have helped the real estate industries to groom in different cities and areas. The cost of real estate properties in the cities, town, villages and areas like Ahmadabad, Gandhinagar, Surat, Vadodara, Vapi, Bharuch etc are very encouraging and these have been emerged as important sector for investment. The real estate sector has been strong witnessed of growth. There are many factors

<https://assignbuster.com/swot-analysis-on-malaysia-economics-essay/>

for this like retail, wholesalers, IT, finance, BPR, KPO and telecom etc.

Through road roads are connectively between many areas, villages, cities and towns. It has one of the highest per capita power consumption (1185 units, as compared to India's average of 596 units) and competitive commercial real estate rates in comparison to other states in India

### **SUGGESTIONS:**

Liberalizing foreign investment (FII) in rural banking with the help of mobile technology. Liberalizing Foreign Direct Investment (FBI) in Animation sector. Relaxing the minimum area norm in construction area Business. Encourage venture capital in services Sector. Increasing visibility of India in service through trade fairs, buyer-sellers meets and setting up convention relationship centers. Modernizing port infrastructure on priority basis of Service Sector.

### **CONCLUSSION:**

Service sector is growing continuously develop and fast growing. Contribution towards GDP and employment rate is also highly achievable Thus importance of service sectorOur Government also takes same initiative to booster service sector industries. For more development service sector industries government should provide bell out package to them.