Readiness in Meeting Globalization Challenges: A Case of Accounting Firms in Malaysia

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Abstract: The empirical study explored the relationships between firm’s characteristics and perceived readiness level of Malaysian Institute of Accountants firm members in meeting globalization challenges. In general all respondents indicated low readiness level in penetrating the global market. Seeing that the services sector is growing tremendously during the recent decades, there is a great opportunity for businesses to increase the export services in the foreseeable future to match that of the developed countries. Thus the findings and recommendations of this study provided comprehensive empirical information for entrepreneurs especially those involve in financial sector to actively embark into the global market.

Key words: Globalization, Accounting Firm, Malaysia

INTRODUCTION

Globalisation occurs largely as a result of conscious decisions to liberalise cross-border transactions in money, goods, services, people and information[1,2]. In other words, it is a concept of free flow of capital and trade in goods and services without regulation barriers among countries[3,4,5]. This forms the basis for the provisions of the World Trade Organisation’s (WTO) General Agreement on Tariffs and Trade (GATT) of which Malaysia is a signatory member. Since GATT’s creation in 1947, there have been nine rounds of trade negotiation[5]. The ninth round negotiation under Doha Development agenda not only focuses on lowering tariffs (customs duties) on import goods, but also deals with non-tariff barriers on goods, and to the new areas such as services and intellectual property[5]. The WTO agreements allow countries to introduce changes gradually, through progressive liberalisation. Developing countries are usually given longer time to fulfill their obligations [8]. The use of the Internet and E-commerce technology has been identified as the catalyst to reduce and eliminate trade barriers among nations. The elimination of trade barriers has been found in turn to greatly facilitate the movement of goods and services across national borders [3,6,7]. According to the WTO [9], the services sector has grown tremendously during the recent decades. The report shows that the world GDP continues to expand moderately for the year 2001 as a whole, contributed by the services sector, which is commonly less affected by cyclical variation compared to the goods sector[8]. Indeed many researches showed that exporting professional services in the global market was a potential growth segment that could increase a country’s GDP[10,11,12,13] and create more job opportunities[9,12]. As for Malaysia, professional services has accounted for 3.3% and 4.7% only of the total job opportunities for the year 2000 and 2003 respectively in the country[13]. Although Malaysia’s services sector continues to move at an upward trend, the total export services value proportion of the total export as discussed earlier is still far below than that of developed countries. Therefore, it is timely that the Malaysian professional services sector views the potential for this sector seriously now. This includes the accounting profession which is the subject of this study.

According to the Malaysian Institute of Accountants (MIA) [14], there are only 28 MIA firm members with international affiliation. Within the accounting services sector, the bookkeeping, accounting and auditing services have been liberalised[15,16]. With Malaysia being a member of WTO GATT, it is only a matter of time when other services such as consultancy and advisory to be liberalised. Accounting firms in Malaysia are competing with not only foreign accounting firms in the accounting services sector, but also the non-accounting service-providers such as Certified Financial Planners (CFP), Chartered Financial Analyst (CFA) and others who are allowed to offer similar professional services[17,18]. With the liberalisation of accounting services, local accounting...
firms will face greater competition and challenges in the international market for professional services\(^\text{[19]}\). According to Foong\(^\text{[20]}\), local accounting firms should view the liberalisation of the services sector as a great challenge especially for those which are well prepared, since the liberalisation process can enable them to reap sizeable benefits. Those unprepared should take the opportunity to prepare themselves. With the inevitable trend toward globalisation and liberalisation, Malaysian professional accounting firms basically have two options: 1) they either be contented with rendering traditional services without innovating new services required by the international market which may result in their losing their clients, or 2) they can expand overseas and develop new growth opportunities to meet clients’ changing needs. In short, firms that fail to respond adequately to strategic imperatives in the liberalised environment may gradually deteriorate and ultimately collapse\(^\text{[20]}\).

A review of literature shows that readiness of firms in meeting globalisation challenges can be observed by using several indicators. According to Bharadwaj, Varadarajan and Fahy\(^\text{[21]}\), for firms to be able to compete in the global market, they should possess potential sources of competitive advantages. Competitive advantage can be enjoyed through providing multi-services comprising traditional services and new innovative services\(^\text{[18]}\) or possessing current advanced information communication technologies\(^\text{[7]}\) or both. Another indicator of firms’ readiness is their less dependence on continued domestic protection through regulations\(^\text{[19]}\). Burritt and Rondinelli\(^\text{[10]}\) asserted that firms’ lower level of requirement for assistance from professional and regulatory bodies is also another indicator of readiness while Ahmed, Mohamad, Tan and Johnson\(^\text{[22]}\) found that firms’ types of strategies to enter overseas market such as cross border supply, consumption abroad, commercial presence and movement of persons\(^\text{[15]}\), can be another indicator. In view of the competition that accompanies globalisation, local accounting firms should develop strategies to not only cope but to take advantage of the potential that awaits them. Indeed it is imperative to take stock of the level of readiness of Malaysian accounting firms in meeting globalisation challenges. Specifically, the study aims to:

1. determine to what extent do selected firm characteristics (size, type, location, age, status in offering new services, status in entering foreign market, international affiliation status) jointly explain the observed variances in: a) provision of multi-services; b) commitments and investments in ICT; c) the desired level for continued domestic protection through regulations; and d) level of requirement for assistance from local professional and regulatory bodies.

2. determine to what extent do selected firm characteristics jointly explain the observed variances in Malaysian accounting firm readiness status in meeting globalization challenges.

**Research method:** A structured questionnaire was used to collect the primary data. The questionnaire was classified into four sections. The first section focused on the firms’ level of readiness in the provision of multi-services and ICT investment and commitment. The second section sought information on the respondents’ desire for continued domestic protection through regulations. The third section dealt with firms’ assistance required from local professional and regulatory bodies. The final section collected information about firms’ profile: size, type, location, age, status in offering new services, status in entering foreign market, international affiliation status.

The survey questionnaires were sent through the MIA’s office to all the 573 MIA firm members in Kuala Lumpur. Although the representatives of the MIA’s office did take follow-up measures through telephone calls and also sending out of new set of questionnaire for the second time to its firm members, the response rate was still considered low. Due to the low response rate, the researcher also took initiative to represent MIA to conduct follow-up calls and personal visits to MIA firm members to collect completed questionnaires by hand. This is to reduce non-response due to uncertainty of questions and to provide convenience to respondents to return the questionnaires. In the follow-up process through personal visits, some of the MIA firm members requested to return completed questionnaire through the mail rather than returning by hand immediately although the researcher indicated his willingness to wait. However, most of those who promised to return never did although reminded for the third time. Altogether, there were only 76 respondents or firms participated in this study, whereas only 73 of the feedback questionnaires were usable for this research purpose. In other words, with the MIA assistance in data collection from its firm members, this research managed to attain approximately 13% of response rate. In the previous studies by Foong\(^\text{[5]}\) and Munir and Alfan\(^\text{[23]}\) in which the data collection was also assisted by MIA office, the response rates were 0.9% and 13% respectively. Thus, the response rate for this study is
acceptable. The valid responses were tabulated and analyzed using SPSS. Multiple regression analysis was employed to accomplish the research objectives.

RESULTS AND DISCUSSION

The first objective of this study is to identify to what extent firm characteristics jointly explain the observed variances in the four indicators of readiness of globalization. The SPSS procedure for ordinary least square regression, ANOVA (analysis of variance) was used with the maximum R^2 option which is designed to find the best predictors or model. Firms’ readiness level in meeting globalisation challenges is measured using four important dimensions comprising:

1. Readiness level in the provision of multi-services,
2. Level of commitment and investment in ICT,
3. Level of desire for continued domestic protection through regulations and
4. Level of requirement for assistance from local professional and regulatory bodies.

The detailed findings on each dimension are discussed in the following sections.

Readiness in the Provision of Multi-Services: The empirical results show that firm size, type, age location and status in entering foreign market have no significant relationship with the level of readiness in the provision of multi-services. Perhaps, the readiness in the provision of multi-services does not depend on the physical characteristics of firms but depends on the appropriate initiative or strategic actions taken by firms. Firms that earn greater proportion of income through the provision of new services (p=.001) have international affiliation (p=.015) and offer new services (p=.027) are found to be the significant factors to achieve higher level of readiness in the provision of multi-services as shown in Table 1. These results are consistent with the arguments of Foong, Howieson, Ireland et al., and Parker. Firms are more ready in the provision of multi-services; perhaps they have established their clientele market in the provision of multi-services and earn greater proportion of income through the provision of new services. With reference to the results as shown in Table 1, and consistent with Foong’s, findings, it is confirmed that having international affiliation is one of superior factor for firm in getting greater level of readiness in providing multi-services. Perhaps, firms with international affiliation might allow them to exchange their knowledge and skills in the provision of multi-services with their international affiliates.

The next important dimension in measuring readiness level in meeting globalisation challenges is the level of commitment and investment in ICT. The next section provides a discussion on this dimension.

Commitment and Investment in ICT: The empirical results show that firm size, type, age, location, proportion of new service income and firm’s international affiliation have no significant relationship with the level of commitment and investment in ICT. ICT is not only important for those multinational or big firms, but also important for small firms. Riemenschneider and Mykytiu[5], pointed out that the driving force behind many small firms to invest in IT are the IT price is getting more affordable and the competition pressure to increase or at least maintain customers’ satisfaction. Therefore this study confirms there is no significant relationship between firm size and the level of commitment and investment in ICT. Ching and Huang[3], argued that ICT is an essential tool for communication worldwide; therefore ICT is important to all firms in different location. Perhaps, the results of this study also indicating that ICT is also an important tool to all firms, irrespective of the firm size, type, age and location. The empirical results also revealed that offering new services (p=.0001) and entering foreign market (p=.0001) are the two important factors in achieving a higher level of commitment and investment in ICT as shown in Table 2. ICT can be an important tool to support those firms in offering new services especially involves those complex technical data analysis, such as personal financial planning services or requiring specific skill services such as IT system development, advisory services and etc. In short, ICT is not only an important tool to support firms in offering new services, but also is an important tool in assisting firms embark into the international market strategically.

The empirical results of this study indicates that offering new services and entering foreign market are the significant factors in obtaining a higher commitment and involvement in ICT in terms of involvement of top management in firms’ ICT project, continuous ICT training and education for end users, and continuous investment in upgrading firms’ ICT facilities. Partners who have greater involvement in firm’s ICT projects can ensure proper selection, investment and implementation of ICT for firm’s to enhance its competitiveness in the provision of
professional services in the global market. The empirical results also confirm that offering new services and entering foreign market are critical factors for firms to have greater commitment and investment in continuous ICT training and education for end users. Perhaps they need to ensure their human resources are competent enough to handle the ever-changing state of the ICT facilities. The empirical results of this study also indicates that firms which offer new services in the global market have greater continuous investment in ICT compared to that of firms which do not offer new services in the global market. Perhaps, these firms need to obtain modern ICT facilities to support their professional services in order to be able to compete in the global market strategically. In short, the empirical results of this study confirm that ICT is an important tool to support firms in offering new services and entry to foreign market in today's global business world.

**Desire for Continued Domestic Protection through Regulations:** The empirical results show that firm size, type, location, proportion of new service income and firm's international affiliation have no significant relationship with the level of desire for continued domestic protection through regulations. However, firms in operation for shorter periods are found to have a higher level of desire for continued domestic protection through regulations compared to that of firms in operation for longer periods as shown in Table 3. This can be explained by the research of Baum et al. cited by Ireland et al. [24], where new MIA firm members need more time to get ready in providing services in the global market, hence these new firms have a greater desire for continued domestic protection. Besides firm age having significant negative relationship with the level of desire for continued domestic protection through regulations, firms which offer new services are also found to have lower level of desire for continued domestic protection through regulations compared to that of firms which do not offer new services. Perhaps firms which offer new services have better clientele establishment in new services and more ICT facilities to support their provision of services in the global market compared to that of firms which do not offer new services as indicated in the earlier data analysis of this study.

**Requirement for Assistance from Local Professional and Regulatory Bodies:** Although the respondents of this study are small in firm size, the overall empirical results show that firms with larger size and who offer new services require significantly lesser assistance from local professional and regulatory bodies compared to that of those smaller firms. These results confirm that larger firms have more resources and require lesser assistance to compete in the globalised market [27,28,29]. Besides firms' size being found to be important factor, the empirical results also confirm that firms which offer new services may have established their new services market, are more prepared for competition in the global market and hence require a lower level of assistance required from local professional and regulatory bodies as compared to that of firms which do not offer new services.

**Accounting Firms' Readiness Status in the Global Market:** The second and major objective of this study is to identify to what extent firm characteristics jointly explain the observed variances in the overall score of readiness of globalization. Firms' readiness in meeting globalisation challenges is measured using the sum score of the four important dimensions as discussed earlier. The SPSS procedure for ordinary least square regression, ANOVA (analysis of variance) was used with the maximum R^2 option which is designed to find the best predictors or model.

The β coefficient of the independent variables comprising firm's status in offering new services (p=0.001), firm's status in entering foreign market (p=0.007), and firm size (p=0.040), have significant positive linear relationship with the readiness level in meeting globalisation challenges as shown in Table 5. The results of this study indicates that firms that have currently taken initiative in offering new services may have better experience to enter more competitive non-regulated and innovative new services environment other than regulated audit and other traditional services. Therefore offering new services is found as a factor for firms to become ready to compete in the globalised market [19,6,18,24]. The empirical result also indicates that firms which enter foreign market have a higher readiness level in meeting globalisation challenges. This can be due to firms are more ready with specific innovative services and available resources for them to enter foreign market [30]. Other than offering new services and entering foreign market are significant factors in meeting globalisation challenges, the empirical results also show that larger firms are more ready to compete in the global market. Previous studies have revealed that the most probable reason why larger firm can survive in the globalised market is because they have more resources to support their operation [27,28,29].
### Table 1: The Best Model for Perceived Level of Readiness in Provision of New Services

<table>
<thead>
<tr>
<th>Variable</th>
<th>Unstandardized Coefficients (B)</th>
<th>R</th>
<th>Collinearity Statistics VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.288</td>
<td>.0001</td>
<td></td>
</tr>
<tr>
<td>Total New Services Income Proportion</td>
<td>.023</td>
<td>.001</td>
<td>1.313</td>
</tr>
<tr>
<td>Firm’s Status in International Affiliation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Had No Affiliation = 0, Had Affiliation = 1)</td>
<td>.946</td>
<td>.015</td>
<td>1.058</td>
</tr>
<tr>
<td>Firm’s Status in Offering New Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Not Offered = 0, Offered = 1)</td>
<td>.560</td>
<td>.027</td>
<td>1.327</td>
</tr>
</tbody>
</table>

Note: Model Statistics: Adj. R²= .375

### Table 2: The Best Model for Perceived Level of Commitment and Investment in ICT

<table>
<thead>
<tr>
<th>Variable</th>
<th>Unstandardized Coefficients (B)</th>
<th>R</th>
<th>Collinearity Statistics VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>2.321</td>
<td>.0001</td>
<td></td>
</tr>
<tr>
<td>Firm’s Status in Offering New Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Not Offered = 0, Offered = 1)</td>
<td>1.328</td>
<td>.0001</td>
<td>1.183</td>
</tr>
<tr>
<td>Firm’s Status in Entering Foreign Market</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Not Entered = 0, Entered = 1)</td>
<td>1.241</td>
<td>.0001</td>
<td>1.183</td>
</tr>
</tbody>
</table>

Note: Model Statistics: Adj. R²=.462

### Table 3: The Best Model for Perceived Level of Desire for Continued Domestic Protection through Regulations

<table>
<thead>
<tr>
<th>Variable</th>
<th>Unstandardized Coefficients (B)</th>
<th>R</th>
<th>Collinearity Statistics VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>6.304</td>
<td>.0000</td>
<td></td>
</tr>
<tr>
<td>Firm’s Status in Offering New Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Not Offered = 0, Offered = 1)</td>
<td>-0.768</td>
<td>.002</td>
<td>1.069</td>
</tr>
<tr>
<td>Firm Age</td>
<td>-0.030</td>
<td>.008</td>
<td>1.069</td>
</tr>
</tbody>
</table>

Note: Model Statistics: Adj. R²=.233

### Table 4: The Best Model for Perceived Level of Requirement for Assistance from Local Professional and Regulatory Bodies

<table>
<thead>
<tr>
<th>Variable</th>
<th>Unstandardized Coefficients (B)</th>
<th>R</th>
<th>Collinearity Statistics VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>6.567</td>
<td>.0000</td>
<td></td>
</tr>
<tr>
<td>Firm size (number of partners)</td>
<td>-0.402</td>
<td>.005</td>
<td>1.161</td>
</tr>
<tr>
<td>Firm’s Status in Offering New Services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Not Offered = 0, Offered = 1)</td>
<td>-0.730</td>
<td>.007</td>
<td>1.161</td>
</tr>
</tbody>
</table>

Note: Model Statistics: Adj. R²=.250
Table 5: The Best Model for Perceived Readiness in Meeting Globalisation Challenges

<table>
<thead>
<tr>
<th>Variable</th>
<th>Unstandardized Coefficients (B)</th>
<th>( \beta )</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.653</td>
<td>.0001</td>
<td></td>
</tr>
<tr>
<td>Firm’s Status in Offering New Services (Not Offered = 0, Offered = 1)</td>
<td>.883</td>
<td>.0001</td>
<td>1.220</td>
</tr>
<tr>
<td>Firm’s Status in Entering Foreign Market (Not Entered = 0, Entered = 1)</td>
<td>.527</td>
<td>.007</td>
<td>1.740</td>
</tr>
<tr>
<td>Firm Size (number of partners)</td>
<td>.185</td>
<td>.040</td>
<td>1.707</td>
</tr>
</tbody>
</table>

Note: Model Statistics: Adj. R\(^2\)=.610

The F test (\( p = .0001 \)) result is significant indicating that the regression model is well fit. The adjusted R square of the multiple-regression is only approximately 0.61, indicating that the explanatory power of the regression is moderate. Hair et al.\(^{[31]}\) pointed out that the R square in the range 0.15 and 0.29 is statistically significant with a power of 0.8 for a sample size in the range of 50 to 100. As the sample size of this study is 73 with an R square of 0.61, it shows that the identified empirical variables/factors are reasonable good predictors of the firms’ readiness level in meeting globalisation challenges.

Summary: Based on the results as in Tables 1-5, it has been concluded that there is a linear relationship between the predictors and the dependant variables. The variance inflation factor (VIF) values were used to assess collinearity or multicollinearity among the independent variables. All the VIF values were below the commonly accepted threshold value of 10.00\(^{[31]}\). Thus, it was concluded that multicollinearity between the predictor variables does not exist. Based on the multiple regression analysis, the estimated model equations for all the factors for readiness in meeting globalisation challenges (dependant variables) were derived. The estimated linear functions are as in Fig. 1.

\[
A = 1.288 + 0.623X_2 + 0.946X_3 + .560X_4 \\
B = -2.321 + 1.328X_5 + 1.241X_6 \\
C = 6.304 - .768X_7 - .090X_8 \\
D = 6.567 - .402X_9 - .738X_{10} \\
E = 1.653 - .883X_{11} + .527X_{12} + .185X_{13}
\]

Where:
- A = Provision of multiple services
- B = Investment and commitment in ICT
- C = Domestic protection through regulations
- D = Requirement for assistance
- E = Readiness in Meeting Globalisation
- \( X_2 \) = Size
- \( X_3 \) = Age
- \( X_4 \) = Status in offering new services
- \( X_5 \) = Status in entering foreign market
- \( X_6 \) = New services income proportion
- \( X_{13} \) = Status in international affiliation

CONCLUSION

Based on the final result of this study, firm size is seems to be an important factor in measuring the overall and some of the dimensions of the readiness level of firms in meeting globalisation challenges. The larger the firm size, the higher the firm’s readiness level in meeting globalisation challenges, the lesser the level of requirement for assistance from local professional and regulatory bodies, and the higher the participation level to enter global market. Besides firm size is found as important factor in measuring the readiness level of firms in meeting globalisation challenges, firm age is also found to have a significant negative relationship with the level of desire for continued domestic protection through regulations.

Other than firm size, age are found as important factors to determine the readiness level in meeting globalisation challenges, the empirical results of this study also show that firms that took initiatives to offer new services and export services to foreign markets are also another two important factors in gaining a higher readiness level in meeting globalisation challenges. This is consistent with the arguments of Leonidou\(^{[32]}\). Only those firms that offer new services in the global market have a higher readiness level in the provision of multi-services, a higher level of commitment and investment in ICT, a lower level of desire for continued domestic protection through regulations, and a lower level of requirement for assistance from local professional and regulatory bodies. In other words, offering new services in the global market are the basic strategies to meet all the criteria to survive and compete in the harsh competitive international market. Other than offering multi-services and entering foreign market being important initiatives to be taken to compete in the global market, are forming international affiliation in the international market and exchanging knowledge and skills with international affiliates, in order to acquire new skills for the provision of multi-services in the global market. Firms should also commit to shift to a higher reliance on new services in generating greater
proportion of total income in order to compete in the international market.

The requirement of specific local regulatory knowledge (e.g. tax law, company law etc) and requirement of membership in domestic professional body for the issuance of license are found to be the two most important forms of domestic protection. In other words, these MIA firm members need high defensive regulations to protect the local market. These MIA firm members want to be protected, because they are lacked of resources to embark into foreign market. The respondents pointed out that they lack financial resources, human resources, technical resources to explore and pursue potential foreign market, and possessed limited information and understanding of foreign cultures and business practices.

Besides the respondents’ desire defensive system i.e. continued domestic protection through regulations, the respondents also expect some forms of assistance to support them to be more ready to confront the globalisation challenges. The empirical results show that MIA firm members need high assistance to overcome uncertainties in foreign governments’ policy, market demand and competitive in the global market. All the respondents need a high level of assistance probably because they are small in firm size ranging from only 1 to 5 partners. Among the types of assistance as mentioned above, assistance to overcome competitive uncertainties is the most critical needs of all respondents. When compared to those firms which offer new services in foreign market, those firms which do not offer new services in foreign market require a significantly higher level of assistance to overcome the foreign governments’ policy uncertainties, the market uncertainties and competitive uncertainties. Perhaps, compared to those firms which do not offer new services in the foreign market, those firms which offer multi-services in the foreign market have:

1. better knowledge and information of foreign governments’ policy of those countries that they enter.
2. better experience and knowledge as they are providing new services in the market.

Those smaller firms which do not offer multi-services require a significantly higher assistance from local professional and regulatory bodies to overcome:
1. market demand uncertainties in terms of provision of information regarding local export firms (trading or others) and their trade countries, conducting foreign market research, conducting overseas marketing trips, and compilation of a data base of potential foreign customers.
2. competitive uncertainties in terms of preparation of appropriate training programs to prepare their firms to be more competitive and provision of knowledge on how to start services in the foreign market. They also wish to form export partnerships with other domestic and international firms, in order to strengthen their competitiveness in the global market.

**Recommendation:** The empirical results of this study show that only larger firms that offer multi-services and entered foreign market are the critical criteria to compete in the international market. These criteria can be achieved through alliances and mergers. In fact, alliances and mergers are the contemporary trend for firms to survive and compete in the international market. Alliances and mergers not only can solve firm’s human resources capacity, technical resources availability and financial resources limitation problems but also can improve firm’s competitiveness in the provision of new and innovative services in the global market. MIA firm members should adopt the following appropriate strategies:

1. either form alliances or mergers among MIA firm members or with foreign accounting firms to expand firm size and human resources capacity.
2. form international affiliation to exchange knowledge and skills with international affiliates.
3. form international affiliation to exchange knowledge and skills with international affiliates.

The small and medium sized firms will not intend to enter the global market services, if their problems such as uncertainties of the market, lack of resources and any other problems are not overcome. Local professional and regulatory bodies can help and encourage these MIA firm members to form either alliances or mergers successfully through appropriate assistance. Local professional and regulatory bodies can play an important role to assist these MIA firm members to form either alliances or mergers to solve competitive uncertainties in the global market, such as assistance in:
1. providing networking services for MIA firm members to form export partnerships with other domestic and foreign firms,
2. providing information on methods to start up services export,
3. designing appropriate training program to prepare firms for overseas market, and
4. designing appropriate incentives such as financial support, tax incentives in forming alliances and mergers.

The above assistance can improve the competitiveness of MIA firm members and subsequently the existing regulations for domestic protection can also be removed gradually. In short, Malaysian accounting firms can be assisted to fit into the competitive international market without domestic protections.

Besides assistance to overcome competitive uncertainties in the global market, local professional and regulatory bodies can assist MIA firm members to overcome foreign government policies uncertainties through:
1. fostering relationship with foreign government and agencies.
2. providing information and advice on export laws and regulations.
3. helping with regulations regarding work requirements in foreign market.
4. providing information regarding environmental reporting regulations in specific foreign markets.

Local professional and regulatory bodies should also provide the following assistance to assist MIA firm members to overcome demand uncertainties in the global market:
1. provision of information regarding local export firms (trading or others) and their countries of trading,
2. conduct foreign market research,
3. conduct overseas marketing trips, and
4. compilation of a data base of potential foreign customers.

The above assistance to overcome foreign governments’ policy uncertainties and demand uncertainties in the global market can help MIA firm members to reduce the uncertainties in the international market and can encourage MIA firm members to enter the global market. All these assistance aim to help MIA firm members survive and compete in Asean Free Trade Area (AFTA) environment.

According to the empirical results of this study, the readiness level in the provision of each type of multi-services is low (Table 1). In general, compared to those firms that do not offer multi-services, those firms that offer multi-services have a significantly higher readiness in the provision of corporate finance advisory services, personal financial planning services, management advisory services, investigations and due diligence services, and IT and system development advisory services. Before local professional bodies design appropriate types of multi-services training program for all MIA firm members, they should rank the importance of the types of multi-services for the market through official market demand research. Shahabudin(2) pointed out that contemporary accounting knowledge and skills for multi-services are important for today’s accountant. Therefore, the findings of the official market demand research can subsequently form a basis for education providers to design feasible value added courses in accounting and business in future.

**Limitations of the Study:** The respondents of this study are small in size ranging from only one partner to five partners. Therefore, the results can fairly represent only the small MIA firm members with firm size of one to five partners i.e. 98.5% of the MIA firm members. Low response rate is another limitation in this study. Although both the representatives of MIA’s office and the researcher do follow-up through calls and personal visits to MIA firm members, the response rate is only 13%.

**REFERENCES**


