

Exploring Regulatory Policies on E-Hailing Services in Malaysia

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ABSTRACT

The growth of online transportation network industry known as e-hailing services since 2014 has bring significant impact to socio economy of society. Upon the arrival of transportation network industry in Malaysia, issues of existing government policies on protecting e hailing svices still debateable. This study was employed a quantitative research design. To gather data, the study distributed questionnaire to 163 e-hailing drivers. The findings indicate that current policies and regulations clearly give a lot of benefits to the e-hailing companies and also for their drivers because there is good structure management implemented in the e-hailing services.

Keywords: *Policy Regulation, E-Health, Public Service, Malaysia*

1. INTRODUCTION

In Malaysia at early stage of emergence or transportation network companies (TNCs) there are no specific regulations to regulate online transportation services which similar with traditional taxi operation, especially for license registration, vehicle inspection and operational requirements [1]. But, started from July 2018, Ministry of Transportation had introduced the regulations related to the e-hailing services to be complied by all the e-hailing companies for them to cooperate legally [2]. The existing regulators encourage efficiency for operation of traditional taxis, and also increase efficiency a of TNC's or online taxis operation. In sum, Malaysia has leads to some conflict in society such as (i) unfair competition between taxi drivers has led to mass protest by the taxi drivers; (ii) safety measures are not in place to protect passengers as well as drivers, (iii) loss of income to the government, in particular there is no car permit being issue and no income taxable for e-hailing drivers.

Thus, this study aims to examine the issues pertaining e-hailing regulatory policies on e-hailing to encourage sharing economy among citizens. The study

were conducted in quantitative design by distributing the questionnaire to the e-hailing drivers. The output of this study were help Ministry of Transportation to design better regulations for traditional taxi operators and e-hailing services to deliver their work economically.

2. LITERATURE REVIEW

2.1. Regulation for Taxis Online Based Application

The rapid development of technology and the internet has encouraged the development of the online taxi industry. The technology has led to taxis using online applications or e-hailing in offering taxi services. The use of technology applications in this service offering provides convenience to customers to book the vehicles and open up opportunities for people to use technology innovatively. In Malaysia, the government is trying to make e-hailing services a legitimate public service. E-hailing services have grown rapidly and becoming an intermediary service requires legal provision and supervision. Regulations and monitoring are needed to ensure the use of technology can be enlighten taxis industry that benefits taxi drivers, e-hailing vehicle

drivers, passengers, companies offering e hailing-related applications, device companies, entrepreneurs developing local application systems and others [3].

2.2. E-Hailing Historical Development

Grab was the first company that using smartphone base taxi booking app as their main operation in Malaysia and during that time, it was started under the app of ‘MyTeksi’ in 2011 [4], [5].

At the beginning, e hailing companies had competed each other in order to make sure they are relevance to the Malaysian citizens. However, when it comes to the word ‘competition’ there will be one side win and the other side lose. Thus, according to the article wrote by Kana (2018), in March 2018, Grab had successfully acquired whole Southeast Asia operation of its rival, that provide financial technology services and varies mode of transportation for ride sharing and food delivery. From time to time, Grab had tried in improvising their services which not only focusing on online-base taxi, but also with the various kind of services like food deliveries known as GrabFood and went for the cashless payment method which known as GrabPay [5]. Therefore, do Grab already monopolize the e-hailing industries in Malaysia? The answer is ‘no’ because according to the data kept by Land Public Transport Agency (APAD) Malaysia, on October 3 of 2019, there are around 42 e-hailing companies registered under APAD.

2.3. Malaysia’s e-hailing Regulations

Ride-Hailing or e-hailing in Malaysia emerged in Malaysia since 2011 when MyTeksi was introduced to the Malaysian citizens as the first e-hailing in Malaysia. Then, the advancement of the technology indicates for the proliferation of e-hailing industry, which refer to the introduction of many e-hailing companies in Malaysia like Grab, Uber and MyCar. Thus, e-hailing in Malaysia is regulated under Ministry of Transport (MoT) and all of the e-hailing providers must register with Land Public Transport Agency (APAD) which formerly known as Land Transport Commission (SPAD), Companies Commission of Malaysia (SSM) and Cooperative Commission of Malaysia (SKM) in order to operate legally in Malaysia. Apart from that, starting October 2019, all of the e-hailing drivers must abide with further rules, consist of vehicles used must undergo annual inspection at Computerized Vehicle Inspection Centers (PUSPAKOM), comply and pass medical and criminal background checks, and lastly get the public service vehicle (PSV) license. In addition, the drivers also must buy e-hailing add-on insurance, contribute to Social Security Organization (SOCSO), and have safety equipment like fire extinguisher ready to use in case of

emergency in their cars (Chu, 2019).

Actually, at the beginning of e-hailing operation in Malaysia, there is no rules or any specific regulations must be complied by the providers and the drivers because they are online based application which offering transportation services to the public. However, starting from July 12, 2018 e-hailing enforcement started to be enforced in Malaysia and on October 12, 2019, only the drivers that have passed all the regulations implemented by the government are able to run their business on the road.

3. RESEARCH METHODOLOGY

The study were cover areas in Peninsular Malaysia. The quantitative method using online questionnaire were distributed to e-hailing drivers in facebook and whatsapp group. In addition, the study also used secondary data from newspaper to get more explanation pertaining e-hailing issues in Malaysia. The questionnaire were developed based on study by [6]. To ensure validity and reliability of instrument, the questionnaire were send to economy lecturers at universiti and 10 grab drivers in Jitra, Kedah, Malaysia area.

4. FINDINGS

In this part, the researchers were highlighted about the results gained after conducting the research whereby it will be divided into two parts. The first part is about the demography factors whereby there were some questions being asked to the respondent. Total of respondents involved were 163 persons whereas it consisted of n=139 (85.3%) males and n=24 (14.7%) females. Regarding to their age, the respondents who are between 30 to 39 years old are the most respondent participated in this research with n=69 (42.3%) whilst there was n=25 (15.3%) respondents age of 50 years old and above. With regards to their education level, it showed that most of them have degree qualification with n=49 (30.1%) followed by Sijil Pelajaran Malaysia (SPM) level with n=43 (26.4%). Another demography factor is about whether they are full-time or the part time driver and it showed that n=90 (55.2%) is the part-time whilst another n=73 (44.8%) or 73 are the only that work as a full-time driver of e-hailing. From 163 total of respondents, there are only n=6 (3.7%) persons who use rent car as their transportation vehicle to run e-hailing whilst n=157 (96.3%) of them use their personal car in running the e-hailing services.

Table 1. Current Rules and Policies

Questions	Agree	Disagree
	n (%)	n (%)
Existing policies support	111	52 (31.9)

e-hailing services	(68.1)	
Existing coverage protects the welfare of drivers	92 (66.5)	71 (43.5)
I am aware about the Employment Act 1955 protecting the welfare of drivers	115 (70.5)	48 (29.5)
The application procedure as an e-hailing driver is desirable	135 (82.8)	28 (17.2)
Regular dialogue needs to be made between drivers, employers and the government	159 (97.5)	4 (2.4)

As a basis, the results showed that the respondents agreed with the current rules and policies provided as there were only n=52 (31.9%) of respondents who disagree with the current policies that support the e-hailing services. Besides, only n=48 (29.5%) of respondents who did not agree about the function of Employment Act 1955 that protect the welfare of drivers. Regarding to the dialogue on regular basis between the drivers, the employers and the government, n=159 (97.5%) of them agreed on this as it truly pertinent for the welfare of the drivers and also continuity of the operations of e-hailing services.

5. DISCUSSION

With regards to the objective which is examining the existing regulation related to the e-hailing services, as a basis, to be related with the findings discussed above, the current policies and regulations clearly give a lot of benefits to the e-hailing companies and also for their drivers because there is good structure management implemented in the e-hailing services. The government have to ensure the management system which mainly related to the rules and regulations of the e-hailing are not the flip-flop regulations. It is because it will cause for the difficulties of the e-hailing companies together with their drivers in complying with the existing rules and regulations pertaining to the e-hailing services due to the inconsistencies of rules. For example, the confusion occurred about the printed copy of the EVP and changing the status of the car as AH (private e-hailing) which clearly stated by the former Transport Minister, Anthony Loke for not to change the vehicle code [1].

The finding of study was highlighted the existing regulation on e-hailing especially in Malaysia able to be create income of the drivers. The existing regulation

towards e-hailing companies, and the fairness of the employers towards their drivers to ensure the welfare of the drivers being taken care of and not only just give the benefits towards e-hailing companies.

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