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Title : REGIONAL COMPETITIVENESS IN PENINSULAR MALAYSIA

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In recent years, competitiveness has become an important issue in the modern world as many cities have confronted a more precarious competition from cities of home or foreign countries. Kresl and Ietri (2012) believed if there were no competition, regions would not be as efficient and there would not be any pressure for improvements. Malaysia witnessed a change in development paradigm of the federal government with a strong emphasis on building towards a competitive region, thus, in 2006, the five economic corridors were introduced, three in Peninsular Malaysia; The Northern Corridor Economic Region (NCER), Iskandar Malaysia and East Coast Economic Region (ECER). The three economic corridors, with statutory bodies empowered to administer, have put so much effort to promote their own region and to lure national key projects for foreign direct investments. Whether these regions will be successful or not depends on their competitiveness. The main objective of this research is to evaluate competitiveness and factors influencing the competitiveness of regions in Peninsular Malaysia. Taking the three economic corridors and Klang Valley as the study area, two analyses were conducted, firstly, Shift-Share and Location Quotient (LQ) to evaluate competitiveness, and secondly Structural Equation Model (SEM) to evaluate factors. The findings from the Shift-Share analysis reveal that Klang Valley is the most competitive region in Peninsular Malaysia with services sector as a major contributor to its competitiveness. The share of the services sector in Klang Valley is three times the share of NCER and Iskandar. For the latter analysis, a survey was conducted to executives

in mid and top management in Small and medium Enterprises (SMEs) and multinational companies in the four regions forming 337 samples. Using the SEM as a tool, two major analyses were conducted; firstly, examination of the degree of influence carried by competitiveness factors, and secondly, examination of the degree of influence carried by institutions (government) after they intervene as a mediator to other factors. Surprisingly, education was found as the most influential factor contributing to the competitiveness of Klang Valley from the latter analysis. Similarly, education was also found as the most influential factor for Peninsular Malaysia. Iskandar and NCER have strength in technology. Klang Valley as the most competitive region is independent of the government to be competitive whilst ECER as the weakest region in Peninsular Malaysia has to depend on the government. The findings of this study provide a better insight to the Federal Government policy makers, in particular, the Economic Planning Unit (EPU) of the Prime Minister's Department, in their effort to formulate a more effective strategy for enhancing economic growth and competitiveness in the country. The Town and Country Planning Department (JPBD) may consider taking into account on the study findings when preparing various physical planning plan; National Physical Plan, Regional Plan, State Structure Plan and District Local Plan by concentrating on development actions that are capable of creating a competitive advantage for the regions.