

**MARA INSTITUTE OF TECHNOLOGY
SHAH ALAM**

**A STUDY ON INDUSTRIAL LOCATION:
A COMPARATIVE ANALYSIS OF
SHAH ALAM AND KLANG INDUSTRIAL PARKS**

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ABSTRACT

Industrial location is one of the most important decisions faced by industrialists in deciding where to relocate or expand their business. There are normally three major factors influencing industrial location decisions namely, location of industrial development, labour supply and prices of industrial land/properties offered. This paper was written to study the industrial location and its factors with relations to industrial parks development located in Shah Alam and Klang. Industrial parks had experienced tremendous growth since the early 1990s, particularly in the period of 1993 to 1995 and the State of Selangor Darul Ehsan is the best example to show the development of this new concept in industrialization. As Selangor calls for many domestic investment and SMIs growth, industrial parks have many to offer to SMIs, especially in Shah Alam and Klang.

The study found that there were differing views about industrial location decision from the comparative analysis conducted, industrial parks located in Klang have more advantages after taking into consideration all those major factors. For the purpose of this study, developers are interviewed and the elements that influenced industrial location are studied.

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CHAPTER 1

INTRODUCTION

1.1 BACKGROUND OF ISSUES

Industrialization is an important element in the process of economic modernization and diversification. Serious attempts at industrialization were made only in the late 1950s. A World Bank Study (1955) which formed the main basis of Malaysia's industrialization programmes had recommended imports substitution backed by investment incentives. After Independence, the radical measure were taken to stimulate industrialization development.

Industrial development, in a sense of manufacturing need a special and good infrastructure in order for them to contribute effectively for the growth of the nation. Therefore, land as a major factor of production plays a bigger role in the success of the industrial development. Special allocation of land is vital for the development of industrial infrastructure. Among other factors