



UNIVERSITI TEKNOLOGI MARA

**THE IMPACTS OF
TRANSPORTATION
INFRASTRUCTURE TOWARDS
ECONOMIC DEVELOPMENT OF
MALAYSIA**

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ABSTRACT

Transport is vital to the well-functioning of economic activities and essential for the development of civilizations. In this paper, we presented an evidence of the impacts of transportation infrastructure towards economic development of Malaysia for the period 1980 to 2015. Using the Ordinary Least Square Regression (OLS) technique, the paper analysed the relationship between transportation infrastructure and economic development through several tests. The tests are normality test, t-test, f-test, heteroskedasticity test, multicollinearity test, BG test, and Ramsey RESET test. The study found that employment in transportation sector and investment made on transport infrastructure in Malaysia has significant positive contribution to growth which shows that each impact is strong and statistically significant. However, the relationship of transport services for import and export with the gross domestic product per capita in Malaysia is not very significant, even though export and import activities can be beneficial to the economy. This is because in Malaysia, most of the transport mode used for export activities is by the sea and rail due to lower transportation cost compared to air freight. This study recommend that the government budget allocation for transport sector should be increase to improve the available infrastructure and to add to the existing infrastructure. Moreover, government should lower the fees for air transport freight in order to enhance the export activities.

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CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

In this chapter will be discuss the background of study, problem statement, research objective, research question, significance of study, scope of study and limitation of study. This paper focuses the relationship between economic development in Malaysia and selected proxies to be used as a variables of transportation infrastructure performance, infrastructure investment and labour in transportation sector. All these proxies are reflecting the impacts of economic development. In background of study, this research will discuss about the dependent and independent variables. Dependent variable in my study is Gross Domestic Product per capita (GDP per capita) and the independent variables are, Gross Capital Formation (GCF), Transport Services for Imports (TSI), Transport Services for Exports (TSE), and Employment in Services Sector (EIS). Those are selected proxies that will represent as investment, performance and labour productivity in transportation infrastructure. This paper will discuss the gap of the problem of my research in problem statement.

The research question in this chapter will discuss about the question related to the theoretical framework in the research. There are two types of research question, which are main research question and specific research question. The main research question is related to the independent variable that is the important or basic research in our study. The specific research question is the supportive of the main research question. Moreover, research objective is one of the crucial elements in this study. In this chapter, this research will also give the information about the vital of the study for all parties such as the researcher, future researcher and general. It will cover in significant of study. Moreover, the limitation of study will explain about things that become as a barrier to the researcher to complete the study and providing solution for the problems.