

EAST COAST ECONOMIC REGION FROM THE PERSPECTIVE OF SHIFT-SHARE ANALYSIS

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ABSTRACT

The Malaysian government is promoting a new regional development method particularly by promoting a regional development corridor. Our paper tries to examine this new development from the perspective of regional shift-share analysis that covers the period of 2005 – 2007. For that purpose, we compile several data which is subdivided into three different sub-periods, aims at analysing the performance of ECER economy vis-à-vis national economy. The ECER regions GDP data are accordingly collected by its major sectors sourced from the EPU and respective state's EPU which is expressed in its real value by using the GDP deflator. The results revealed that to investors the ECER regions is unattractive locationally, and its advantage in agriculture, manufacturing, and construction sectors is improved because of structural change at the national level. As an alternative, this study offers a few policy recommendations for investment plans in promising lucrative returns to production and business sectors.

Keywords: ECER; Shift-Share Analysis; National Shift; Regional Shift; Industry Mix

1. INTRODUCTION

ECER is recently promoted as one region of several regional development economic plans in order to poise for a same standard of regional economic development and growth in Malaysia. This particular economic region covers the East Coast States of the Peninsular comprising Kelantan, Terengganu, Pahang, and also the district of Mersing, which is a part of the Johor state. Generally, all these selected states possesses areas with low economic performance compared to states in the West Coast of Malaysian Peninsular particularly states under the Northern Corridor Economic Region (NCER) which embraces the states of Perlis, Kedah, Pulau Pinang, and North of Perak (Hulu Perak, Kerian, Kuala Kangsar, and Larut Matang-Selama). Thus, the main purpose of this study is to examine the differences in economic development of the ECER regions compared to the national level of the Malaysian economy as a whole and explain the unique industrial mix of the ECER and local competitiveness potential by using the shift-share analysis. Basically, the ECER regions are rich in agricultural resources, rubber, and fisheries in early

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