THE ROLE OF THE STATE IN ECONOMIC DEVELOPMENT:
A CASE STUDY OF JOHOR, MALAYSIA

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Abstract

Johor is one of the fastest growing states in Malaysia. Its strong economic growth is very much to the credit of the state; in one form or another, the government intervened, systematically and through multiple channels, to foster development.

In relation to this, the study found that the state has not only created a business-friendly environment where the legal and regulatory structure was generally hospitable to private investment, the state has also established clear performance criteria for selective interventions and to monitor performance. In other words, intervention has taken place in disciplined and performance-based criteria.

The State has been pragmatic and flexible in formulating the development plans for Johor. In addition, it is an active participant in the economic activities too. For example, the state Government, through its investment arm, Johor Corporation, has achieved remarkable success in the development of resource-based industries in the mid 1980s.

However, the State is faced by some major challenges. Among others: "Singapore factor" that has a detrimental effects of rising cost of living, problem of serious shortage of skilled and semi-skilled workers, limited linkages between MNCs and the indigenous Malaysian industry, and over concentration of economic activities in Johor Bahru.
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