

AWARENESS OF PRIVATE SECTOR OF THE IMT-GT CONCEPT: BENEFITS AND PROBLEMS

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ABSTRACT

This paper focuses on the private sector awareness of the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) concept, the benefits that can be gained as well as the problems encountered in the economic cooperation of the area. Analysis was done using data collected from a survey of 157 private companies located in the three countries' sub-regions. The survey was conducted in 1997. The results of the study show that 78.9 percent of the total respondents are aware of the existence of the IMT-GT concept. However, out of the total respondents who are aware, 29 percent are still unclear about its purpose. In terms of the companies' participation in the form of business venture in the sub-regions, the survey found that only 10.2 percent of the respondents are involved. Of those companies which formed this type of business after the establishment of the IMT-GT, the finding reveals that they faced problems of wage rate and regulation, each with 43.8 percent; language and culture as well as market potential, each with 31.2 percent; and bureaucratic and infra-structural problems, each with 18.8 percent. In fact, there are many potential opportunities available within the IMT-GT sub-regions that are in line with the Asian Development Bank (ADB) report. The trade and tourism projects are among those opportunities that have great potential in the triangle cooperation. This study, shows that the existing problems and constraints faced by private companies involved in the IMT-GT area have to be tackled seriously if the objectives of the regional cooperation is to be fulfilled.

ABSTRAK

Kajian ini memfokus tentang kesedaran sektor swasta akan konsep Pertumbuhan Segi Tiga Indonesia-Malaysia-Thailand (IMT-GT), faedah yang boleh diperolehi

dan masalah yang dihadapi dalam kerjasama tersebut. Analisis adalah berdasarkan data yang dikumpul daripada tinjauan terhadap 157 buah syarikat swasta di subwilayah dalam ketiga-tiga buah negara tersebut. Tinjauan ini telah dijalankan dalam tahun 1997. Keputusan kajian menunjukkan bahawa 78.9 peratus daripada jumlah responden sedar akan kewujudan konsep IMT-GT. Bagaimanapun, 29 peratus daripada jumlah responden yang sedar tersebut masih kabur mengenai objektifnya. Dari segi penyertaan syarikat dalam bentuk usahasama perniagaan di subwilayah, tinjauan menunjukkan hanya 10.2 peratus sahaja yang terlibat. Daripada jumlah syarikat yang telah menjalankan usahasama selepas penubuhan IMT-GT itu, kajian mendapati bahawa mereka telah menghadapi masalah dari segi kadar upah dan peraturan, iaitu 43.8 peratus setiap satu; bahasa dan budaya serta potensi pasaran, 31.2 peratus setiap satu; dan masalah birokrasi dan infastruktur, 18.8 peratus setiap satu. Pada hakikatnya, kajian ini menunjukkan terdapat banyak peluang yang berpotensi untuk maju di subwilayah seperti yang dinyatakan dalam laporan Bank Pembangunan Asia. Projek perdagangan dan pelancongan adalah antara yang berpotensi besar untuk maju dalam kerjasama segi tiga tersebut. Kajian ini menunjukkan bahawa, masalah dan kekangan yang dihadapi oleh syarikat swasta yang terlibat di kawasan IMT-GT perlulah ditangani secara serius jika objektif kerjasama serantau tersebut ingin dicapai.

INTRODUCTION

The establishment of the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) is based on the concept of growth triangle, a form of regional economic cooperation in the Association of Southeast Asian Nations (ASEAN). The ultimate goals of the IMT-GT are to increase trade and investment among the three sub-regions; increase exports from the region to the rest of the world; and increase the welfare of the people of the participating countries with leading and supportive roles played by the private and public sectors, respectively (BKPM, 1997). As the IMT-GT is private sector-oriented, all the private sectors in the member countries have responsibilities to ensure the goals could be achieved.

The main emphasis in the IMT-GT cooperation is on the activities of the private sector that react according to market desirability. According to the Asian Development Bank (ADB, 1994 and 1995), all the three sub-regions involved in the growth triangle can cooperate and complement each other. Some suggestions were also made by the ADB on sectors

that can be developed in each sub-region. Among those sectors that had been identified by the ADB consultants are the commercial sector, investment, labor mobility, industry and energy, agriculture, fisheries, as well as transportation and telecommunication. The availability of various investment opportunities due to the establishment of the IMT-GT cooperation is widely disseminated to all potential investors.

The IMT-GT triangle covers North Sumatra, the Special Territory of Aceh, Riau and West Sumatra of Indonesia; the northern states of Malaysia, namely Perlis, Kedah, Penang and Perak; and five southern border provinces of Thailand which consists of Songkhla, Yala, Pattani, Narathiwat and Satun. The triangle has its own strength in terms of the combination of economic power, large potential resources and complementarity capabilities of all its member entities. This strength provides opportunity to the members to establish close cooperation on how to overcome their respective problems concerning economic resources and how to face challenges in developing the area. Each member is endowed with particular areas of advantage. When there is complementarity among them, the growth triangle will be an attractive investment base.

The development of IMT-GT means to have a rapid expansion of various activities of trade and investment, encouragement of labor and capital flows, as well as technological development within the area. To achieve it, there should be strong political commitment of the three governments concerned. In addition, narrowing nationalistic perceptions and working towards win-win situations among the people are inevitable.

SELECTED LITERATURE REVIEW

The concept of IMT-GT cooperation takes aim at connecting different areas that have different factor endowments and comparative advantages. To ensure the success of the concept, the role of complementarity is stressed; and the existence of favorable infrastructure facilities, various categories of labor force as well as potential lands to be utilized should be benefited by any industry located in the growth area (Lee, 1991; Kumar and Lee, 1991). Furthermore, market response has to be concerned too (Ng and Wong, 1991). The economy of the whole IMT-GT area can be upgraded and expanded.

In Tan's paper (Tan, 1993) the concept of growth triangle is explained as a form of regional cooperation that involves only parts of national economies. These parts are strategically driven towards integration by the dominant growth nodes of the region and to respond to the competitive pressures of globalization through the constraints imposed by rising cost of land and labor. The emergence of more growth triangles would then create greater competition among member countries in attracting capital, markets, technology and skills.

The IMT-GT area has abundance of natural resource endowments. According to Tang and Thant (1996), strong economic complementarities are apparent in the area. Among the three sub-regions, northern Sumatra has the strongest natural resource base with its substantial forest resources, oil and gas. It also has relatively unexploited offshore fishery reserves and a strong inland fishing industry, as well as a substantial surplus in food crops such as rice and vegetables. Meanwhile, in northern Malaysia, there are substantial reserves of limestone, dolomite and china clay. However, this region has shortages of land for resource-based activities as well as for petroleum and natural gas. In southern Thailand, forestry reserves including vast rubber-wood plantations, and mineral reserves such as tin, barite, chromium, kaolin and lead are abundant.

Despite the complementarity of roles available in the IMT-GT area, there are constraints that have to be tackled together by the three governments. Rao (1996) wrote on six constraints of labor found in the area. First, labor productivity in northern Sumatra and southern Thailand is found to be below Malaysian standards in many industries. Second, southern Thailand and northern Malaysia have only a small differential in officially reported wage level. In actual condition, payment is made less than the legal minimum wage. Third, workers in southern Thailand and northern Sumatra have not been exposed to non-natural resource-based manufacturing, and there is a shortage of skilled labor in the sub-regions. Fourth, expansion of employment opportunities in southern Thailand causes its labor market to tighten. Fifth, a rise of labor shortages in northern Sumatra leads to high and uncompetitive wage levels in some industries. Finally, there is deficiency of the quality and quantity of vocational training in northern Sumatra and southern Thailand.

Chaikaew (1997) studied the condition and the problem of semiskilled labor production of educational institutions in southern Thailand. The result of the study shows that the quality of this type of labor is at middle and low levels. Teaching materials and related agencies in the local area have significantly affected its quality. Other factors such as socio-economic factors, personnel, the IMT-GT establishment itself, budget and educational background of the students have not significantly affected the quality of the semiskilled labor. The study suggested that more coordination with the related agencies must be done immediately and educational materials must be supplied to the institutions.

All the studies reviewed cover many aspects of the IMT-GT concept. The commitment of the three governments towards the growth concept will facilitate cooperation for the area development. Realizing the important role of the private sector in developing the triangle, this study is to analyze the awareness of private companies within the three sub-regions of the IMT-GT concept. Specifically, the study examines the extent of awareness; identifies further efforts to be carried out; examines how the companies take the opportunity to cooperate among themselves; examines the present facilities provided; identifies benefits that can be gained and the problems faced by them; it also identifies needs and necessities demanded and potential opportunities available in the economic cooperation.

METHODOLOGY

In this study, awareness is defined as having the realization or knowledge of the concept of IMT-GT cooperation. Two sources of data are utilized, namely primary and secondary data. The primary data is collected using questionnaire as the primary survey instrument. It consists of two parts. The first part comprises questions on the company's background information, constraints and problems in expanding its business and its economic activities. The second part seeks information on the company's awareness of the conceptualization of IMT-GT and the company's potential to participate in the growth concept. The questionnaire was pre-tested. The sampling technique used in this study is based on stratified sampling procedure whereby the population is divided into three strata, which comprise Indonesian, Thailand and Malaysian sub-regions. A random sample from each stratum is then selected. Even though the private companies in the three sub-regions are not evenly

distributed, for simplicity, and as a rule of thumb (Roscoe, 1975), in this study, 100 establishments were selected from each country to receive questionnaires. Secondary data is collected from various government publications, reports and other studies available in libraries and government offices in the three countries.

FINDINGS AND DISCUSSION

The following discussion describes the respondents of the survey and the responses to the various questions related to awareness and participation to the growth concept. The survey was conducted in 1997.

The Respondent

Respondents of the survey comprise private companies from the IMT-GT region. Using the sampling technique described earlier, a total of 300 questionnaires were distributed to respondents, and out of this figure, a total number of 157 companies responded to the survey; forty-two companies from Malaysia, seventy-three from Thailand, and forty-two from Indonesia. Thus, the overall response rate is 52.3 percent. The majority of respondents in Malaysia was from the manufacturing sector with 63.4 percent, while those in Thailand and Indonesia were from both the agricultural and the manufacturing sectors.

In terms of size of companies, the majority or 52.2 percent of respondents were in small-scale industry where they have less than 200 employees, 20.4 percent have between 200 and 400 employees, and the remaining respondent companies employ more than 400. Country-wise, the respondents from Malaysia, Thailand, and Indonesia who were in small-scale industry constitute 61.9 percent, 49.3 percent and 47.6 percent, respectively. For category size of company between 200 and 400 employees, respondents from Indonesia constitute the highest percentage with 35.7 percent, followed by respondent companies from Malaysia with 16.7 percent and Thailand with 13.7 percent. However, for Thailand, the respondents from large companies employing more than 400 employees constitute a bigger share with 37.0 percent compared to Malaysia (21.4 %) and Indonesia (16.7 %).

In terms of ownership of companies, 65 percent of the total establishments are locally owned and the rest are either foreign, mix ownership, or multinational companies. In particular, the percentages of the respondent companies from Malaysia, Thailand, and Indonesia that are locally owned are 61.9 percent, 76.7 percent and 47.6 percent, respectively. For Malaysia and Indonesia, respondent companies that are foreign-owned account for 21.4 percent and 26.2 percent, respectively; however, respondent companies from Thailand that are foreign owned constitute only 1.4 percent. The study also found that all respondents from Thailand and Indonesia are fully owned by the private sector, and about 14 percent of Malaysia's respondents are partly owned by the government.

Awareness of the IMT-GT Concept

Table 1 summarizes the response to the question '*Is your company aware of the conceptualization of IMT-GT?*' The question is meant to know whether the respondent is aware of the existence of the concept, thus, the degree of awareness is not applicable. The table shows that 59.5 percent of the respondents from Malaysia have awareness of the conceptualization of IMT-GT, 93.2 percent from Thailand and 73.8 percent from Indonesia. The response shows that the IMT-GT concept is more widely known by companies in Thailand and Indonesia than by those in Malaysia. In general, the main reason of high level of awareness is possibly the easy access of information through the mass media (see Table 2).

Table 1
Awareness and Clarity of IMT-GT Concept

Aspect	Category	Country			Total
		Malaysia	Thailand	Indonesia	
Awareness	Yes	25 (59.5%)	68 (93.2%)	31 (73.8%)	124 (78.9%)
	No	17 (40.5%)	5 (6.8%)	11 (26%)	33 (21.1%)
Clarity	Yes	7 (28.0%)	60 (88.2%)	21 (67.7%)	88 (71%)
	No	18 (72.0%)	8 (11.8%)	10 (32.3%)	36 (29%)

In terms of the clarity as to the purpose of the concept, however, 29 percent of those companies that are aware, are still unclear (see Table 1). In addition, it is found that among those that are unaware of the concept especially in Malaysia and Indonesia, big sized companies having more than 400 employees are the majority. The result may simply be due to

lack of interest among the big companies or because of insufficiency and inefficiency of promotion done by the agencies responsible.

Table 2
Sources of Information

Sources of Information	Country			Total (%)
	Malaysia	Thailand	Indonesia	
Mass media	24 (96%)	63 (92.6%)	13 (41.9%)	100 (80.6%)
Seminar and Forum	3 (12%)	3 (4.4%)	10 (32.3%)	16 (12.9%)
IMT-GT Secretariat	6 (24%)	2 (2.9%)	14 (45.1%)	22 (17.7%)
Business partners	-	-	3 (9.6%)	3 (2.4%)
Others	2 (8%)	5 (7.4%)	2 (6.4%)	9 (7.2%)

Table 3
Benefits of Participation

Benefits	Country			Total
	Malaysia	Thailand	Indonesia	
Expand Business	12 (28.5%)	8 (11%)	6 (14.3%)	26 (16.6%)
Cheaper Resources	6 (14.3%)	2 (2.7%)	9 (21.4%)	17 (10.8%)
Widen market	7 (16.7%)	26 (35.6%)	9 (21.4%)	42 (26.7%)
Business Information	7 (16.7%)	2 (2.7%)	10 (23.8%)	19 (12.1%)
Business Opportunity	2 (4.8%)	10 (13.7%)	3 (7.1%)	15 (9.5%)
Others	2 (4.8%)	1 (1.4%)	5 (11.9%)	8 (5.1%)

Table 3 shows the majority of the responding companies that admit that the growth concept offers benefits in terms of widening market and expanding business, that is 26.7 percent and 16.6 percent, respectively. Some agree with improvement in accessibility of business information and opportunities. This type of response is expected since the total population of the three sub-regions combined is larger than total population of each sub-region.

In terms of company participation, the survey found that 28.6 per cent of the Indonesian private companies in their sub-region had initiated business venture within the IMT-GT border after the concept was established. In contrast, there were only 2.4 percent participation in Malaysia and 4.1 percent in Thailand. The low participation among companies in the IMT-GT concept is rather inconsistent with the total number of Memorandum of Understandings (MOUs)¹ that have been signed. The type and locality of companies that had signed the MOUs can explain such happening. Big companies from outside the Malaysian sub-

region are more eager to participate. However, in Indonesia and Thailand, the companies signing the MOUs are mainly big companies from the sub-region itself. Other explanations include the unavailability of capital, lack of confidence to expand to larger international market, and other human factors resulting from differences in culture and language.

In terms of investment location, the Malaysian company is only interested to make investments in its own country, while its Thai and Indonesian counterparts would like to start their business ventures in Malaysia and their respective countries. Therefore, in general, most of the companies are interested to set up their ventures in Malaysia. The factor that attracts the Malaysian company to set up its business venture is market potential. Meanwhile, Thai companies are attracted to availability of infrastructure, and their Indonesian counterparts are more attracted to resources accessibility. Thus, the result supports the traditional view that infrastructure and market potential, as well as resources availability are among the positive factors in stimulating cooperation.

Also, the Malaysia's sub-region is more attractive since its northern states, especially Penang, with its cities of Georgetown and Butterworth, and Perak, with Ipoh at its core, are better developed in terms of infrastructure facilities, besides having experienced substantial industrial growth in recent years. Furthermore, Malaysia is politically more stable compared to the other countries.²

Majority of companies which formed business venture after the establishment of the IMT-GT reported that they faced problems of wage rate and regulation, each with 43.8 percent; language and culture as well as market potential, each with 31.2 percent; and bureaucratic and infrastructure problems, each with 18.8 percent (Table 4).

Table 4
Problems of Cooperation

Problems	Country			Total
	Malaysia	Thailand	Indonesia	
Infrastructure	1 (100%)	1 (33.3%)	1 (8.3%)	3 (18.8%)
Resources	-	-	1 (8.3%)	1 (6.2%)
Language and Culture	-	2 (66.6%)	3 (25%)	5 (31.2%)
Market Potential	-	1 (33.3%)	4 (33.3%)	5 (31.2%)
Wage Rate	-	-	7 (58.3%)	7 (43.8%)
Regulation	1 (100%)	-	6 (50%)	7 (43.8%)
Bureaucracy	1 (100%)	-	2 (16.6%)	3 (18.8%)
Others	-	-	1 (8.3%)	1 (6.2%)

A detailed observation reveals that more Indonesian companies have problem with wage rate, market potential and regulations. Thai companies are more concerned with the problem of language and culture. The Malaysian company faces infrastructure problem, as well as bureaucracy and regulation³. The marketing problem faced by the Indonesian company is probably because their products are less competitive and local demand is low. The Thais have language problem, but not Malaysian and Indonesian since they speak the same Malay-based language.

In terms of the improvement that should be implemented by the agencies responsible to assist those companies involved in joint-venture activities, 87.5 percent believe that more cultural and educational activities should be organized; 68.7 percent need assurance in terms of political stability⁴ ; and 31.2 percent want bureaucratic red tapes to be reduced. These needs are summarized in Table 5.

Table 5
Needs and Necessities

Problems	Country			Total
	Malaysia	Thailand	Indonesia	
Improve Infrastructure	1 (100%)	3 (100%)	5 (41.6%)	9 (56.2%)
Political Stability	1 (100%)	-	10 (83.3%)	11 (68.7%)
Culture & Education	-	2 (66.6%)	12 (100%)	14 (87.5%)
Special Incentive	-	1 (33.3%)	5 (41.6%)	6 (37.5%)
Reduce Bureaucracy	1 (100%)	2 (66.6%)	2 (16.6%)	5 (31.2%)
Policy Reform	1 (100%)	1 (33.3%)	2 (16.6%)	4 (25%)
Others	-	-	2 (16.6%)	2 (12.5%)

Role and Potential of IMT-GT

In the era of globalization, entrepreneurs have to keep up with the need of the global market. In order for them to keep abreast, they have to maintain competitiveness in every respect. IMT-GT concept could provide the latest and up-to-date information regarding business opportunity, regulation, and so on. In this study, 86.5 percent of respondents agree on the importance of the concept. Moreover, the idea of IMT-GT was seen as an instrument of economic cooperation in terms of trade and development among the members. The concept could become the first platform especially for local businesses, to assess the global market by improving competitiveness, and the ability to use global resources efficiently.

Concerning competitiveness, it could only be improved if any problem related to production, marketing and management could be solved or minimized. This study found that the respondents have constraints in terms of human capital, physical capital, and market, with 31.2 percent, 22.3 percent, and 26.8 percent respectively. With the timely establishment of IMT-GT, these constraints could be overcome by bringing the three sub-regions closer to each other. Through the concept, cooperation is therefore offered in terms of agricultural development, tourism, infra-structural development, human resource development, and larger integrated market.

There are many potential opportunities available within the IMT-GT region. Table 6 shows the Trade and Tourism projects have great potential among all in the triangle cooperation.

Table 6
Potential Opportunities

Projects	Country			Total
	Malaysia	Thailand	Indonesia	
Tourism	4 (9.8%)	13 (17.8%)	5 (11.9%)	22 (14.0%)
Trade	17 (41.5%)	58 (79.5%)	12 (28.5%)	87 (55.4%)
Education	1 (2.4%)	1 (1.4%)	9 (21.4%)	11 (7.0%)
Financial services	2 (4.9%)	1 (1.4%)	5 (11.9%)	8 (5.0%)
Resource-based manufacturing	4 (9.8%)	-	5 (11.9%)	9 (5.7%)
Agriculture	-	-	2 (4.7%)	2 (1.2%)
Communication and transportation	3 (7.3%)	-	2 (4.7%)	5 (3.2%)
Others	-	-	2 (4.7%)	2 (1.2%)

Market is considered as one of the constraints of business expansion that can be tackled through the growth concept, as shown in Table 7. Companies can also solve their labor and raw material shortages by importing them from within the IMT-GT sub-regions, or conducting training with assistance from the more experienced bodies within the sub-regions.

The triangle cooperation should be able to reduce production cost related to import and transportation by facilitating more efficient cross-border material movement, and other incentives such as the exemption of import tax for capital and intermediate goods for joint-venture companies. Problems of marketing should be able to be resolved by the cooperation as the total population of the triangle is about 25 millions. Problem of accessibility and movement of goods and services should be fa-

cilitated by the agencies concerned, for example, with provision of well-regulated border passes, and establishment of flexible regulation for matters related to joint-venture companies activities.

Table 7
Solutions for Constraints of Expansion

Solution	Country			Total
	Malaysia	Thailand	Indonesia	
Labor import	12 (28.6%)	3 (4.2%)	2 (4.8%)	17 (10.8%)
Mobility factor	5 (11.9%)	4 (5.4%)	3 (7.1%)	12 (7.6%)
Relocation	2 (4.8%)	-	8 (19.0%)	10 (6.4%)
Training	5 (11.9%)	7 (9.6%)	10 (23.8%)	22 (14.0%)
Provision of incentives	4 (9.5%)	3 (4.2%)	10 (23.8%)	17 (10.8%)
Attracting of investment	5 (11.9%)	4 (5.4%)	3 (7.1%)	12 (7.6%)
Import material	9 (21.4%)	18 (24.6%)	-	27 (17.2%)
Market expansion	3 (7.1%)	30 (41.1%)	2 (4.8%)	35 (22.3%)
Reduced bureaucracy	2 (4.8%)	4 (5.4%)	2 (4.8%)	8 (5.1%)

Parallel with the constraints described above, IMT-GT secretariat should play an important role in assisting the companies to channel their problems to relevant bodies. However, most respondents think that the secretariat established in all the three countries does not make enough effort to disseminate appropriate information to them. Consequently, 79.6 percent of the companies involved in business activities did not ask for support from the secretariat.

There are various channels of disseminating information relating to the IMT-GT cooperation to private firms. As indicated in Table 8, mass media is the most effective method. Therefore, the IMT-GT secretariat is recommended to take this opportunity to utilize mass media as a productive channel to disperse various kinds of information more widely to various companies regardless of type and size.

Regarding the role of the secretariat itself, the most important one is to provide information about the principles and framework of the concept. The body also is to act as intermediaries between interested parties, provide platform, channel for communication, and entertain any queries about the growth concept.

However, besides the promotional efforts and incentives from the governments, private entrepreneurs must also take the challenge to sense

the increasing demand for goods and services as a result of the growth triangle, and then to create the necessary business enterprise to supply, distribute, and commercialize those opportunities. The secretariat can become a place to build ideas on how to increase business opportunities within the triangle. Chambers of commerce and business associations could provide some ideas and direction.

Table 8
Methods to Increase Awareness

Suggestion	Country			Total
	Malaysia	Thailand	Indonesia	
Mass media	24 (58.5%)	66 (90.4%)	10 (23.8)	100 (63.7%)
Seminar and Forum	9 (22.0%)	3 (4.1%)	16 (38.0)	28 (17.8%)
IMT-GT Secretariat	1 (2.4%)	3 (4.1%)	14 (33.3)	18 (11.5%)
Others	7 (17.1%)	1 (1.4%)	2 (4.7)	10 (6.4%)

CONCLUSION AND RECOMMENDATIONS

Most of the studies done before were mainly concerned with factors supporting the hypothesis that the cooperation concept is viable. Complementarity, comparative advantage, and areas of possible cooperation, such as tourism, agriculture, and infra-structural development were the factors studied previously. On the other hand, the IMT-GT concept is known as private sector driven. Without the involvement of private companies in business and investment activities in the growth area, the concept cannot achieve its goals. This study complements previous studies since it reveals the extent of the private sector's awareness of the existence of and the opportunities created by the concept as well as how private companies can grab the opportunities.

To participate, it is important for the private sector in the sub-region to see the advantage and potential of the IMT-GT area. Hence promotion programs are needed, and situation created whereby the opportunity created by the growth concept is fully understood. Consequently, the main responsibility of relevant agencies is not just to study the viability and opportunity available; more importantly, they are to promote and make the concept well understood, especially by small-scale industries in the sub-region itself, as this study found that the respondents are mostly small-scale, having less than 400 employees.

In general, this study found that there is a high degree of awareness among private companies of the IMT-GT concept. This is possibly because the three governments, especially through their respective secretariats have made many efforts to attract them to join IMT-GT's economic activities. However, the degree of cooperation between companies within the region is minimal. Although they agree that such cooperation could solve some of their problems related to production, marketing and management, only a small number of companies take advantage to cooperate among themselves. The low capability of the cooperation is due to the many problems and constraints faced by companies in the investment and business field. From this observation, it is very important for the secretariat to provide more information regarding the principles and framework of the concept, and assume the role of intermediaries between the interested parties.

Although there are many problems that still exist in realizing any form of cooperation, most respondents show their agreement that there are many potential opportunities available within the region, especially in the area of trade and tourism. In fact, the human factor is very important to achieve the objectives of the IMT-GT concept. From several interviews with related prominent interviewees that include presidents of chambers of commerce it is seen that, it is necessary to pay more attention to how people in the growth area who have different background in terms of ethnicity, culture and language can cooperate with each other by enhancing their similarities and minimizing differences.

More social and cultural activities should be organized for the sake of realizing the success of IMT-GT cooperation. Although Malaysia and Indonesia have common Malay-based language and culture, and Thailand's southern provinces consist of mainly Muslims, historical and political backgrounds had created huge differences amongst the countries, for example in work ethic. Thus, to ensure successful cooperation, everyone has to be honest in the cooperation agreement, and there should be no intention of monopolizing gain.

The IMT-GT concept could be considered as a relatively new concept, and there are many opportunities available for its future research. For example, a study on the attitude of private firms in the three sub-regions towards the concept can be carried out. This could answer the question of why participation is low despite the high degree of awareness. Studies of border town development and socio-economic condition of the

population within the growth triangle are among those that can be done related to the IMT-GT concept.

In conclusion, this study has shown a satisfactory degree of awareness amongst private companies of the IMT-GT concept. However, a lot of attention should be paid to matters of how to counter existing problems and constraints faced by private companies within the region. Otherwise, the IMT-GT objectives are difficult to achieve, particularly the economic growth of the region.

ENDNOTES

1. For example, the total number of MOUs signed in Medan, Sumatra in June 2, 1994 was 13 involving total expected investment of RM771.3 millions. After that, many more were signed in subsequent meetings.
2. Malaysia is a democratic country. Since independence, the country has been governed by a single government, and only a few leadership changes, thus changes in policies are considered minimal.
3. This is probably related to Indonesian centralized policy.
4. This could be related to the frequent change of leadership in Thailand, internal political problems in southern Thailand provinces especially in Pattani. While in Indonesia, the Special Territory of Aceh is still fighting for its autonomy.

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