THE IMPACT OF GOVERNMENT EXPENDITURE TOWARD ECONOMIC GROWTH IN MALAYSIA

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ABSTRACT

The objective of this paper is to identify the impact of government expenditure towards economic growth in Malaysia using a series data for the period (1987-2017). Regression model between the variables are the tools of analysis. This paper used Augmented Dickey-Fuller and Phillips-Perron unit roots examine tests while Kwiatkowski-Phillips-Schmidt-Shin which is stationary test to the integration order of the variable. The study found that the government expenditure and population has significant impact on the growth of GDP. Therefore, it was also found that unemployment and inflation are proven to have no influence on GDP growth. Researcher has tested the autocorrelation by observe the value of Durbin Watson from Durbin Watson test which the results indicate the presence of no autocorrelation. Researcher has also tested the multicollinearity test by using VIF test. It found that no serial correlation among the explanatory variables.

Keywords: Government expenditure, economic growth, regression, autocorrelation, VIF