A STUDY IN DETERMINE THE ECONOMIC GROWTH IN MALAYSIA

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Hereby, declare that:

- This work has not previously been accepted in substance for any degree, locally or overseas, and is not being concurrently submitted for this degree or any other degrees.

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ABSTRACT

This paper examines the relationship between economic growth in Malaysia and its factors; Gross Domestic Product (GDP), Foreign Direct Investment (FDI) and Exports (EXP) using Johansen cointegration analysis based on Error Correction Model (ECM). The relationship among those variables is investigated using time series data from 1974 to 2009. The researcher focused on this topic because the researcher wants to know how economic growth in Malaysia having the fluctuation during those period, especially when in the crisis. After having completed the analysis by using Vector Error Correction Model (VECM), the findings shows that only EXP has positive relationship with the Economic growth while GDP and FDI have negative relationship in the long run. On the other hand, Granger causality resulted that there is non-directional from between all variables in the short run. It is because the economic growth has being influenced by other factors.

Keywords: Time series, GROWTH, EXP, VECM and Granger causality.

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