THE IMPACT OF MACROECONOMIC VARIABLES TOWARDS ECONOMIC GROWTH IN MALAYSIA

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ABSTRACT

This paper aim at discovering out the impact of independent variables towards Gross Domestic Product (GDP) in Malaysia. The considered variables are Foreign Direct Investment (FDI), export of good and services (EX), inflation rates (INF), and saving (SAV). This study required 37 observations of data for each variable from 1980 until 2017. Methodology used for this study is using Multiple Linear Regression with time series data. Thereafter, T-Statistics and coefficient test is to be conducted to observe the relationship of the independent variables with GDP. Interactive software package E-view would be used for testing and analyzing the data collected. The fundamental principle of the classical theory is that the economy is self□ regulating. Classical economists maintain that the economy is always capable of achieving the natural level of real GDP or output, which is the level of real GDP that is obtained when the economy's resources are fully employed. While circumstances arise from time to time that cause the economy to fall below or to exceed the natural level of real GDP, self-adjustment mechanisms exist within the market system that work to bring the economy back to the natural level of real GDP. At the end of research export, FDI has positive relationship but inflation and saving has negative relationship towards economic growth. So for the future research, the study will increase the scope of study, variables and also the area of the study.