FACTORS THAT INFLUENCE ECONOMIC GROWTH IN MUSLIM ECONOMY

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ABSTRACT

The purpose of this paper is to build various models to economic growth in Muslim economic at OIC countries and its determinant which is Gross Domestic Product, Foreign Direct Investment and Technology using Pooled Ordinary Least Square (OLS) regression and Breusch pagan Test. The relationship among those variables is gathered and investigated by using United Nations- UN data from year 2000 to 2010. The researcher focused on that particular period of study because the performance of economic in world is growing rapidly on this period. After completed the analysis by using Pooled Ordinary Least Square (OLS) significant value was showed by P-value. Next test was proceed by using Breusch Pagan Lagrangian Test. This test was showed significant also. Hausman test done by researcher to test the significant of the variables. In this research, Hausman test showed insignificant value. To precede this study, Random Effect Regression will be used to test the significant of the variable. From this result, one variable such as Foreign Direct Investment (FDI) have a significant relationship toward economic growth in Muslim economic. Meanwhile, another three variables such as education, gross domestic product and technology have insignificant relationship toward economic growth in Muslim economic.