



**THE DETERMINANTS OF AGRICULTURAL PRODUCTIVITY
IN MALAYSIA**

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Abstract

Agricultural productivity may require observation over time in order to explain the evolution of agricultural productivity. The purpose of this study is to determine the important factors that influence agricultural productivity in Malaysia. Ordinary Least Square (OLS) is used to examine the relationship between the variables. The study used annual data from 1980-2015 which is 35 years' data observed. Government expenditure is expressed by general government final consumption expenditure, net export; agricultural expenditure and inflation rate were taken as independent variable while agricultural productivity as dependent variable. The findings reveal that all the variables are significant on agricultural productivity but there is a multicollinearity problem. In order to avoid this problem agriculture education has to drop. The result from regression shows government expenditure and inflation rate is significant while net export shows insignificant result on agricultural productivity in Malaysia. Government expenditure is the most significant variable influence agricultural productivity.

Keywords: Agricultural Productivity, Ordinary Least Square, Government Expenditure, Net Export, Agriculture Education and Inflation.