

DETERMINANT OF EXPORT PERFORMANCE IN
MALAYSIAN CONTEXT

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ABSTRACT

The purposed of this study is to identify the factors that influence, stimulate and barriers available in export activities. This research also hoped to act as a knowledge contribution to this subject area by identifying the benefits of export activities to Malaysian exporters. The secondary data is used and the collected data were processed using the SPSS software and Microsoft Excel.

The result suggest that gross domestic product, cumulative FDI and Real Effective Exchange rate in US have positive relationship with export. While inflation rate and Real Effective Exchange rate in Malaysia have negative relationship with export.

CHAPTER 1

INTRODUCTION

1.1 Background of the study

Malaysia is one of the nations in the Pacific Rim that has experienced rapid economic growth and has often been considered by many including the World Bank and the International Monetary Fund as a showcase of successful economic development. Through the introduction of a series of 5-year development plans since gaining independence from the British in 1957, Malaysia has successfully transformed its economy from being an exporter of rubber and tin to emerge as the world's largest producer of palm oil products, timber, oil and manufactured products. The most impressive growth is in the manufacturing sector which has replaced agriculture as the number one sector in the economy. Malaysia is now a significant world exporter of semi-conductors, air-conditioners and latex-dipped goods.

Despite the changing structure of exports from commodities to manufactured products, Malaysian exports remain generally labor intensive, over concentrated in the electronic sector and destined for its traditional trading partners of Singapore, USA, Japan and EC (United Kingdom and Germany in particular). The prevailing national policy is to encourage manufacturing firms to export into other non-traditional markets. In light of this development, according to Osman Mohamad (et al. 2000) the survey findings of a study on the export market strategy (concentration versus diversification) adopted by Malaysian exporters.

The last two decades observed a structural shift in the Malaysian economy – from a primary commodity trading and import substitution – based economy to a highly