



**‘The Impact of Macroeconomic Variables
Towards Economic Growth: Evidence from
Developing Countries and Developed Countries’**

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DECLARATION OF ORIGINAL WORK



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ABSTRACT

The emphasis of the study is to investigate the impact of macroeconomic variables such as inflation, foreign direct investment, trade and unemployment towards gross domestic product of selected developing and developed countries for 10 year gap period from 2007 until 2016. The main objective of this study is to identify how these macroeconomic variables react with GDP and panel data approach are used in this study. It is expected that, foreign direct investment (FDI) and trade has a positive relationship with economic growth while inflation and unemployment have a negative relationship with economic growth. Random effect model is adopted in developing countries while developed countries and overall are using fixed effect models. For developed countries, foreign direct investment and inflation are not significant on economic growth while trade are positive significant and unemployment are negative significant on economic growth. For developing countries and overall, inflation and unemployment has a negative significant effect on economic growth while direct foreign investment and trade has a positive significant effect on economic growth.

Key words: Economic growth, macroeconomics, random effects, fixed effects, developing countries, developed countries, overall