



**THE EFFECT OF INTERNATIONAL TRADE
AND FOREIGN DIRECT INVESTMENT ON
EMPLOYMENT: CASE STUDY IN MALAYSIA**

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ABSTRACT

The impact of trade on employment is the most popular issue among the public debate around the world. There are many arguments on this hot issue. Some researcher may said the effect is negative on the employment growth and some other researchers said that the effect of trade on employment growth be positive. The purpose of this paper is to analyze and explore the impact of foreign direct investment (FDI) flows and international trade on employment by using the ARDL bounds testing approach . The stationary of the data are tested by using Augmented Dickey-Fuller Test and Philips Perron Test where all the null hypothesis is consider have a unit root and the alternative hypothesis is stationary. The result obtain and only export give positive effect to the employment growth in Malaysia, while other variable give negative effect. Export have positive and significantly impact employment growth in short and long run while import have positive impact on the employment growth in the long run. FDI have significantly have negative impact on the employment growth in Malaysia.

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