MALAYSIA ECONOMIC GROWTH : COMMODITY AND LIBERALIZATION EFFECTS

FARA NURAIN BINTI BUANG
2013878342

BACHELOR OF BUSINESS ADMINISTRATION
(HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
SEGAMAT, JOHOR.

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ABSTRACT

Malaysia like most developing countries of the world relies substantially on various factors that may affect the economic growth. This study examines the interaction of commodity and liberalization towards the economic development in Malaysia where an increase commodity and liberalization factors will automatically influence the economic development and on the other hand decline in the rate of economic growth will weakens the economic development in Malaysia. The econometrics model has been constructed by using the Ordinary Least Square (OLS) method is used in order to analyze the effect of Oil Rents, Openness to trade, and Foreign Direct Investment towards the Malaysia economy growth. The regression analysis is carried out by using linear model. The data is collected by using the World Data system in World Bank and there are 4 potential variables used to achieve these objectives which are Gross Domestic Product (GDP), Oil Rents (OILRENT), Openness to Trade (TRADE), and Foreign Direct Investment (FDI). The data period covers from 1970 until 2014. The findings are Oil Rents and Openness to Trade has positive significant effects on economic growth in Malaysia instead of Foreign Direct Investment shows negative significant effect towards economic growth in Malaysia.

Key words: Malaysia, Economic growth, Inflation, Foreign Direct Investment, Openness to Trade, OLS.

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