THE DETERMINANTS
OF ECONOMIC GROWTH IN MALAYSIA
(1980-2015)

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JULY 2017

ACKNOWLEDGEMENT

In the name of Allah, the Most Compassionate, the Most Merciful

Praise be to Allah the Al-Mighty for giving me the strength and patience to complete this study within the period given.

I wish to express my sincere gratitude to my first advisor, Madam Rohaiza binti Kamis, for her continuous encouragement, invaluable suggestions, patient guidance and supporting me with kindness, sympathy and academic enthusiasm. Her forceful comments and meticulous directions were a constant source of inspiration to my research that immensely improved the quality of this project paper. I would also express my profound appreciation to our second advisor Madam Shahreena binti Daud for her comments, guidance and supporting with kindness to fulfill this requirement in completing this project paper.

I also would like to take this opportunity to deliver my deepest indebtedness to my parents for their patience, support and guidance for this research. Furthermore, great appreciation goes to the rest of my friends that help me from time to time during the research. The whole research really brought us together to appreciate the true value of friendship and respect of each other.

Great deals appreciated go to the contribution of my faculty- Faculty of Business Management (Finance). Apart from that, I hope that all the information and data that I have gathered here will increase the knowledge of anyone who will be accessing it regarding the study on the 'The Determinants of Economic Growth in Malaysia (1980-2015). It would be a great honor to us if it is used as a reference or for any other good cause.

Finally, I would like to extend this appreciation to all that have directly and indirectly contributed invaluable assistance, cooperation and support in the completion of this research.

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ABSTRACT

The purpose of conduct this study is to investigate the relationship between trade openness, foreign direct investment and government expenditure towards economic growth in Malaysia. It covers the period 1980 until 2015, a period of 35 years which consist of 34 data observation. Simply, those determinants are considered as indicators for economic growth in Malaysia and it has been investigated yearly. Trade openness, foreign direct investment and government expenditure were use as independent variable. All the variables seem to have relationship with economic growth. Unit root test and diagnostic test were being used to test whether it is stationary or non-stationary. The analyses are conducted using multiple linear regressions to get the results. The multiple linear regression results show that trade openness and government expenditure shows a positive significant relationship whereas the foreign direct investment shows an insignificant positive relationship thus it means that trade openness is most influence the economic growth performance in Malaysia.