

# The role of education and skills on economic growth in Malaysia

## Abstract

Economic growth is significant for a country to raise its standard of living. It is found that economic growth can be contributed by several factors such as capital, labour and total factor productivity (TFP). Therefore, this study aims to analyse the contribution of education and labour skills to economic growth in Malaysia. For this purpose, the analysis of the study is to use the Autoregressive Distributed Lag (ARDL) approach. The focus of the study is in Malaysia based on data for the period 1982-2017 obtained from the Department of Statistics Malaysia and the International Labour Organisation. The results show that only capital and labour variables with tertiary education can contribute to economic growth in Malaysia in the long run. Nevertheless, the findings of the study in the short-term show that the variables of capital, labour with tertiary education, secondary education and the ratio of skilled labour can contribute to economic growth. Therefore, the country needs to allocate greater expenditure to the education and training sector as education and labour skills have a positive impact.