

Education, Digital Age, and Economic Recovery in Malaysia

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Abstract

This research examines the behavior of education investment data, internet literacy as indicated by total internet users, and economic growth in Malaysia. By examining data behavior, information or forecasting bases can be obtained that can be used as a basis for creating arranging and dynamic later on. To do this, the Quantitative Threshold The association between data behavior and internet user factors, education, and economic growth may be seen by using the Autoregressive approach to forecast data behavior. We found that the education system in Malaysia encourages its citizens to learn how to work and improve job skills. This has become a national school system and curriculum in Malaysia. In Malaysia, the influence of the education system on productivity development and economic expansion is bolstered by internet literacy.

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Introduction

2020 saw Malaysia's GDP drop by 5.6 percent, the lowest level since 1998 and less below the government's predicted decline of -3.5 to -5.5 percent. The Malaysian government is preparing to shut down a large part of its economy if coronavirus cases continue to surge. This is done after the movement control command program established so far has failed to contain the spread of infection. Nonetheless, the Malaysian Government is working to find a middle ground and believes that limited business activities can continue alongside essential services despite the pandemic. Malaysia's 2021 monetary policy effort will continue to be accommodating in order to foster a robust and long-lasting recovery in the country. While tasks will keep on being centered around guaranteeing adequate liquidity in the unfamiliar trade, security, and currency markets, money related arrangement decisions will remain information driven (Kumar, 2021).

During the pandemic, education is more towards distance education or online using the internet. In Malaysia, the education system is more focused on adapting to industrial needs. The education system in Malaysia follows industry standards that improve the job prospects of students upon graduation (Kundu & Ngalim,2021). Many educational institutions in Malaysia collaborate with industry and overseas universities to ensure that the programs offered to adopt the latest and relevant curricula. Almost all universities in the country provide knowledge not only theoretical knowledge but also practical skills required in the actual workplace. It is hoped that skills-based education can meet human needs to fill available employment opportunities (Watisin et al,2015).

Economic recovery can be indicated by economic growth in the form of movements in GDP. Every country will benefit from increased economic growth in that nation. in order for there to be an economic rebound in the event of economic growth. One indicator of a nation's success is its rate of economic growth. A number of elements, including labor, capital, and technical advancements, affect economic growth. Both the amount and quality of labor have an impact on economic growth. A number of factors, like as health and education, affect the caliber of the labor force (Wang & Zhang, 2021). Of

all these factors, education is seen to be the most significant in defining human quality. The inference is that human existence will get increasingly better the more educated one is. A country's degree of growth and wellbeing is directly correlated with its quality of life, as it relates to its economy. Increased worker education levels translate into increased productivity, which in turn drives up a nation's economic growth.

Enhancing the caliber of human resources is a task that requires education. The goal of education is to mold people into the kinds of people that society expects of them. These initiatives may take the shape of non-formal education received outside of schools or formal education received in schools. The possibility of "training as a venture," which is characterized as "a mediation of monetary power," has developed rapidly, and countries are starting to perceive that the extension of the instruction area is a fundamental condition for the development of other improvement areas. Putting resources into human resources in a manner that might spike monetary development should moreover be gotten from a financial structure and framework that supports the improvement of great training. Economic progress is greatly aided by education; this is now an unquestionable and axiomatic argument (Adejumo et al., 2021).

Human capital theory states that the contribution of education always has an impact on economic progress. This contribution may be made by raising productivity and skill levels at work. The pandemic period encourages online learning activities using the Internet so that the internet becomes an important factor in encouraging education as well as the economy in efforts to recover the economy (Perez-Alvarez & Strulik, 2020).

This study examines the behavior of education investment data, internet literacy as indicated by total internet users, and economic growth in Malaysia. By examining data behavior, information or forecasting bases can be obtained that can be used as a basis for developing planning and decision making in the future.

Literature Review

The National Middle School, which instructs students in Malay, and the National Type School, which instructs students in English, Mandarin, or Tamil, are two of the school kinds recognized by Malaysia's educational system. In general, Malaysian basic education lasts six years, depending on the educational level. Students will take the UPSR (Low School Assessment Exam) at the conclusion of their sixth year. Students can go to Middle School, which has two levels, if they pass the UPSR. Levels 4 to 5 are referred to as Upper Middle or Form 4-5, where pupils are provided specialized programs including science, literary, and technical. Levels 1 through 3 are designated Medium Low or Form 1-3. Theoretically, education in Malaysia influences the country's economic expansion. Malaysia (Samuel and others, 2017).

In human capital theory, education is one mechanism to increase human capital. A company's human capital encompasses more than simply the physical labor of its employees. People provide a wide range of intangible traits to an organization that might contribute to its success. Education, abilities, experience, creativity, personality, physical well-being, and moral integrity are all components of human capital (Doppelt, 2018). Over time, society as a whole gains from investments made by employers and employees jointly in human resource development, in addition to the business, its clients, and employees. Employers that invest in their workforce make pledges to provide things like college scholarship money, family aid, educational bonuses and allowances, apprenticeship programs, and worker training. The most obvious investment in human capital for workers is a degree. Employers and employees are not guaranteed a positive return on their investment in human capital. The economy and the amount of money invested in human capital are closely linked.

According to the human capital hypothesis, the benefits of this investment for businesses, workers, and society at large can all be quantified. A developing economy is predicted by the human capital hypothesis to arise from sufficient investment in human capital. For instance, several nations provide free postsecondary education to their citizens because they recognize that educated individuals tend to earn and spend more, which promotes economic growth. Human resource management is expanded upon by human capital theory in the field of business administration (Tang et al., 2020).

Infrastructure related to information and communication technology (ICT) is one factor that significantly influences a nation's economic growth, particularly in the current digital era. Different segments of society have benefited from ICT in different ways. In addition to being a tool for communication, ICT is also the essential norm by which monetary players are estimated while carrying on with work and business venture. The most common way of raising result per capita over the long haul by zeroing in on three factors the technique, the expansion in yield per capita, and the drawn out time point of view is known as monetary development. Considering the economy as something that evolves or shifts periodically can help you understand that economic growth is a process and that an economy has dynamic elements. Technological advancements can slow down the application of The Law of Diminishing Return by increasing worker productivity and productivity. With the quantity of information and tools that are always being developed, ICT development has the potential to completely change society. In this instance, having access to ICT is a crucial instrument for growth and a measure of a nation's advancement. The Internet has the potential to boost economic growth due to its ability to disseminate information, foster innovation, establish networks, expand businesses, deepen capital, increase labor market competition, and assist companies in taking advantage of emerging markets, all of which can aid in combating the current economic crisis (García and Kotturi, 2019).

Research Method

This study looks at the connection between Malaysia's economic development, education, and internet usage. In order to do this, the Quantitative Threshold The association between data behavior and internet user factors, education, and economic growth may be seen by using the Autoregressive approach to forecast data behavior. It is hoped that historical behavior data will serve as a predictor of future decision-making. Here is how the autoregressive equation was applied in this study:

$$AR_{(p)} = Y_t = c + \Phi_1 Y_{t-1} + \Phi_2 Y_{t-2} + \dots + \Phi_p Y_{t-p} + e_t$$

In a period series, where AR is Y and Yt is Y over the long haul, Yt-1, or Y over the long haul before, impacts Yt-1 itself, which thus impacts Yt-2, or Y previously, which impacts Yt-2, etc, which are all affected by et, the mistake term for the time in the review period. The optional information utilized in this study came from the World Bank. Utilizing the accompanying econometric condition:

$$Y_t = \beta_0 + \beta_1 IU_{t1} + \beta_2 Ed_{t2} + e_t$$

In this case, IU stands for Internet User, Ed for Education, t for Time Period, β for Constant, and e for Error Term. All information is secondary and comes from global banks.

Result and Discussion

An autoregressive threshold estimate was used to view the data on internet user behavior, education, and GDP. Table 1 below displays the estimates results from the initial estimate:

Table 1. Estimation Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Threshold Variables (linear part)				

EDUCATION	24.45947	2.964543	8.25067	0
INTERNET_USER	1982.364	2290.768	0.865371	0.4071
Threshold Variables (nonlinear part)				
EDUCATION	0.620819	4.389063	0.141447	0.8903
INTERNET_USER	-1884.535	2435.396	-0.77381	0.4569
Non-Threshold Variables				
C	1.73E+10	1.64E+10	1.053003	0.3171
Slopes				
SLOPE	2.97E-10	5.80E-08	0.005117	0.996
Thresholds				
THRESHOLD	2.59E+11	7.67E+11	0.337793	0.7425
R-squared	0.995627	Mean dependent var		2.55E+11
Adjusted R-squared	0.993003	S.D. dependent var		8.45E+10
S.E. of regression	7.07E+09	Akaike info criterion		48.48767
Sum squared resid	4.99E+20	Schwarz criterion		48.83075
Log likelihood	-405.1452	Hannan-Quinn criter.		48.52177
F-statistic	379.4429	Durbin-Watson stat		2.791901
Prob(F-statistic)	0			

Source : Data world Bank Compiled

It is clear that there is a positive connection between's Gross domestic product per capita with web clients and training, with web clients emphatically affecting the direct limit and instruction well affecting both the straight and non-straight pieces of the relationship. This shows that training in Malaysia adds to monetary advancement in both the short and long terms, and that economic growth is continuously driven by education itself. This is not shocking, given Malaysia's industry-based education system allows students to learn while they work. This helps to stimulate economic growth by directing human capital investment activities via educational channels. The internet is said to be productively stimulating and to encourage education, which strengthens the educational drive for economic progress in Malaysia. The anticipated results in the accompanying graph demonstrate how Malaysia is promoting internet use and educating people about economic growth:

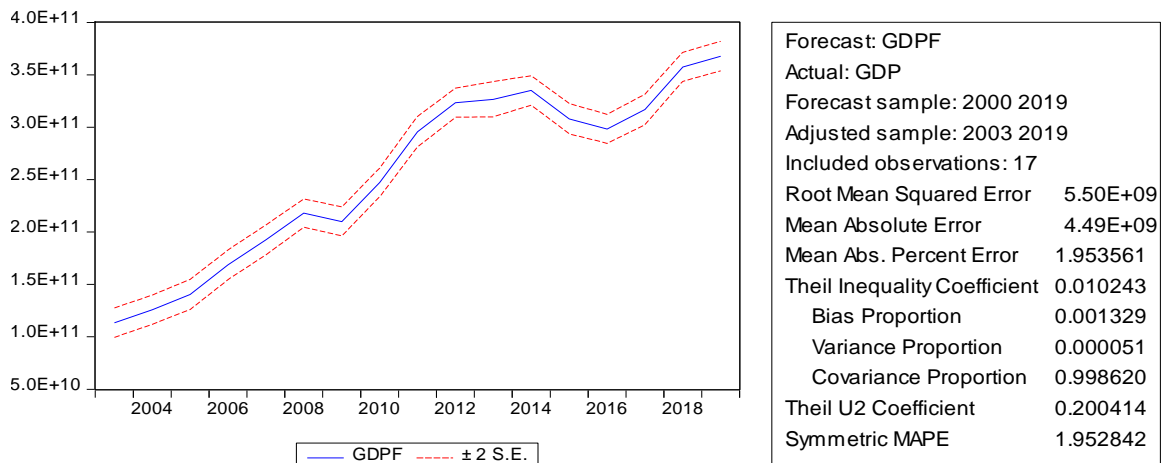


Figure 1. The results of forecasting
Source : Data world Bank Compiled

The per capita GDP graph appears to sometimes rise based on the projected findings displayed in Figure 1. This suggests that technical advancements have fueled economic expansion, which has been followed by an increase in education, according to the estimation results.

Conclusion

The education system in Malaysia encourages its citizens to learn how to work and improve job skills. This has become a national school system and curriculum in Malaysia. Internet literacy in Malaysia supports economic growth and increases productivity, both of which are influenced by the education system.

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