

ABSTRACT

In the modern economy, innovation is the main source in increasing productivity, economic growth, and social welfare. Furthermore, innovation is regarded as one of the drivers of economic growth besides the traditional production factors; such as, capital and labor accumulation. R&D funding is one of the strategies for fostering innovation. The aim of this study to analyze the effects of Research and Development (R&D) and innovation on economic growth in 6 Selected Asian Countries during the period 2009-2017.

The data used were collected from the World Bank, UNESCO Institute for Statistics, and the World Intellectual Property Organization (WIPO). This study used Gross Domestic Product (GDP) per capita as the dependent variable which describes economic growth. Meanwhile, R&D expenditures, patent, and labour force participation rate, gross net enrollment in tertiary education and foreign direct investment as independent variables. In addition, this study was descriptive quantitative research by using panel data analysis.

The result of this study shows that R&D expenditures, patent, and labour force participation have a positive and significant effect on economic growth in the 6 selected Asian countries. Meanwhile, gross net enrollment in tertiary education and foreign direct investment have a positive but not significant effect. Thus, these results show that there is a significant effect of the innovation variable on economic growth in the 6 selected Asian countries.

Key words: Economic Growth, Research and Development, Innovation, Labour, Human Capital, Patent, Investment