



**PALM OIL INDUSTRY IN MALAYSIA: FACTORS THAT AFFECT PRODUCTION OF
PALM OIL**

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TABLE OF CONTENTS

| | <u>Pages</u> |
|-----------------------------------|--------------|
| Letter of Transmittal..... | i- ii |
| Declaration of Original Work..... | iii |
| Acknowledgements..... | iv |
| List of abbreviations..... | v |
| List of figures..... | vi |
| List of tables..... | vii |
| Abstract..... | viii |
| Chapter 1 | |
| INTRODUCTION | |
| 1.1. Background..... | 1-3 |
| 1.2. Problem statement..... | 3 |
| 1.3. Objective of Study..... | 4 |
| 1.4. Significance of study..... | 4-5 |
| 1.5. Hypothesis..... | 5-6 |
| 1.6. Limitations..... | 6-7 |
| 1.7. Definition of Terms | |
| 1.7.1. Production..... | 7 |
| 1.7.2. Export..... | 7 |
| 1.7.3. Planted Area..... | 7 |
| 1.7.4. Domestic Consumption..... | 7 |
| Chapter 2 | |
| LITERATURE REVIEW..... | 8-12 |

Chapter 3

RESEARCH METHODOLOGY AND DESIGN

| | | |
|--------|-----------------------------------|-------|
| 3.1. | Theoretical Framework | |
| 3.1.1. | Dependent Variable..... | 13-14 |
| 3.1.2. | Independent Variables..... | 14-15 |
| 3.2. | Data or Information | |
| 3.2.1. | Secondary Data..... | 15 |
| 3.3. | Data Collection..... | 15 |
| 3.4. | Sample Size..... | 16 |
| 3.5. | Data Processing Analysis | |
| 3.4.1. | Unit Root Test..... | 16 |
| 3.4.2. | Ordinary Least Squares..... | 17 |
| 3.4.3. | Newey West Test..... | 17 |
| 3.6. | Model Specification | |
| 3.6.1. | Simple Regression..... | 18-19 |
| 3.6.1. | Multiple Regressions..... | 19-20 |
| 3.7. | Procedure and Analysis | |
| 3.7.1. | Coefficient of Determination..... | 20 |
| 3.7.2. | T- Statistic..... | 20-21 |
| 3.7.3. | F- Statistic..... | 21 |
| 3.8. | Problem in Multiple Regressions | |
| 3.8.1. | Multicolleanarity..... | 21 |
| 3.8.2. | Autocorrelation..... | 22 |
| 3.8.3. | Heteroscedasticity..... | 22 |

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ABSTRACT

The objective of this study is to identify the production factors that affect the Malaysian palm oil industry in terms of palm oil products and to determine most significant factors that contribute to palm oil production. The model is estimated by taking into account total oil palm area, domestic consumption and exports over the period of study between 1975 and 2007. Ordinary Least Square (OLS) which consists of simple and multiple regression analysis to estimate the model. In the multiple regression analysis, the log-log model which is the dependent variable as well as all explanatory variables is transformed to logarithms. Since the relationship among the log variables is linear some researchers call this a log-linear model. In a simple regression analysis, total planted area, domestic consumption and total export of palm oils have significant impact on the total productions of palm oil products. Whereas in the multiple regressions, the total planted area of palm oils do not significantly affect the total production of palm oil.

Keyword: Palm Oil Industry, Production Determinants, Malaysia.