

**UNIVERSITI TEKNOLOGI MARA**

**THE RELATIONSHIP BETWEEN  
MACROECONOMIC FACTOR  
AND  
EMPLOYMENT GROWTH  
IN MALAYSIA**

**NURAZREEN BINTI ISMAIL  
2014386693**

Final Year Project Paper submitted in fulfillment  
of the requirements for the degree of  
**Bachelor of Business Administration  
(Finance)**

**Faculty of Business and Management**

**December 2018**

## AUTHOR'S DECLARATION

I declare that the work in this final year project paper was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Undergraduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

Name of Student	:	Nurazreen Binti Ismail
Student I.D. No.	:	2014386693
Programme	:	Bachelor of Business and Administration (Hons) Finance.
Faculty	:	Business and Management
Thesis	:	The Relationship Between Macroeconomic Factor and Employment Growth In Malaysia
Signature of Student	:	 .....
Date	:	December 2018

## ABSTRACT

Employment growth is a topic that the researcher chooses to study due to the current issue about employment opportunities. Employment growth is a measurement that tracks how many employments are created in the country. In year 2018, there will more job opportunities for Malaysian job seekers as 30% of employers that planning to increase their hiring activity, an increase of 12% compared to last year, according to the latest Jobstreet Job Outlook Report for Malaysia. The objective of this study is to know the macroeconomic factor that can affect employment growth in Malaysia. In this study, foreign direct investment, gross domestic product, inflation and urban population growth are important towards employment growth in Malaysia. The researcher used time series data about 34 latest years from 1983 to 2016. The data were analyzed by using Pooled ordinary Least Square (OLS) to evaluate the relationship between variables by E-Views 9. From the empirical study, it is shown that the foreign direct investment, gross domestic product, inflation and urban population growth. However, the study further anticipated the addition of supplementary variables to recover the strength and descriptive power of the general model.

**Keywords:** *Employment growths, foreign direct investment, gross domestic product, inflation, urban population growth*

## **ACKNOWLEDGEMENT**

Firstly, I wish to thank God for giving me the opportunity to embark on my degree and for completing this long and challenging journey successfully. My gratitude and thanks go to my advisor Madam Shashazrina Roslan. Thank you for the support, patience and give me ideas in assisting me for this project. Special thanks to my colleagues and friends for helping me with this project.

Finally, this thesis is dedicated to the loving family that always support me for the vision and determination to educate me. This piece of victory is dedicated to both of you. Alhamdulillah.

## **TABLE OF CONTENTS**

<b>AUTHOR'S DECLARATION</b>	<b>ii</b>
<b>ABSTRACT</b>	<b>iii</b>
<b>ACKNOWLEDGEMENT</b>	<b>iii</b>
<b>TABLE OF CONTENT</b>	<b>iv</b>
<b>LIST OF TABLES</b>	<b>vii</b>
<b>LIST OF FIGURES</b>	<b>viii</b>
<b>LIST OF SYMBOLS</b>	<b>ix</b>
<b>CHAPTER ONE INTRODUCTION</b>	<b>1</b>
1.1 Introduction	1
1.2 Research Background	1
1.3 Problem Statement	2
1.4 Research Questions	3
1.5 Research Objectives	3
1.6 Significance of the Study	4
1.7 Scope of the Study	5
1.8 Limitation of the Study	5
1.9 Definition of Key Terms	6
1.10 Summary	7
<b>CHAPTER TWO LITERATURE REVIEW</b>	<b>8</b>
2.1 Introduction	8
2.2 Literature Reviews on Employment Growth	9
2.3 Literature Reviews on Foreign Direct Investment	10
2.4 Literature Reviews on Gross Domestic Product	11
2.5 Literature Reviews on Inflation	12
2.6 Literature Reviews on Urban Population Growth	13
2.7 Research Framework	14
2.8 Summary	14