



**IMPACT OF MACROECONOMIC INDICATORS TOWARD ECONOMIC GROWTH
IN MALAYSIA**

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DECLARATION OF ORIGINAL WORK



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TABLE OF CONTENT

TITLE PAGE	i
DECLARATION OF ORIGINAL WORK	ii
ACKNOWLEDGEMENT	iii
TABLE OF CONTENT	iv, v
LIST OF FIGURES	vi
LIST OF TABLES	vii
ABSTRACT	vii
CHAPTER 1: INTRODUCTION	
1.1 Background study	1-3
1.2 Problem statement	4-5
1.3 Research question	6
1.4 Research objectives	7
1.5 Scope of study	7
1.6 Limitation of study	7
1.7 Significance of study	8
CHAPTER 2: LITERATURE REVIEW	
2.1 Literature review	9-13
2.2 Theoretical framework	14-16
2.3 Hypothesis	17
CHAPTER 3: RESEARCH METHODOLOGY	
3.1 Research design	18-19

LIST OF TABLES

Table 1: Descriptive statistic and test	25
Table 2: Unit root test	27
Table 3: Ordinary Least Square (OLS) regression estimation result	28
Table 4: Heteroskedasticity (Breusch-Pagan-Godfrey) result	35
Table 5: Autocorrealtion (LM Test) result	37
Table 6: Multicollinearity (Variance Inflation Factor) result	39
Table 7: Normality Test	41
Table 8: Summary of result	42-43

ABSTRACT

Tax is a crucial tool in adjusting the economic policy and main sources for the government in collecting revenue for the public expenditure. This study is to aim in analysing how much tax contributes to shaping economic development. Through this final project, all the evidence is gathered to prove a significant correlation between income taxes towards GDP in Malaysia. Another variable is included for comparison by determining their correlation towards Malaysian economic growth. The time-series data period from 1989 until 2018 were chosen for observation. The variation of a test is used for examining the correlation of independent variables towards the dependent variables. The findings in this regression model show that only foreign direct investment provides a significant link towards the Malaysian economic development. While other variables include income tax, inflation and unemployment do not show a significant correlation in encouraging the growth of economic in Malaysia. This research purpose is aiming in providing an outlooks to the policymaker in Malaysia especially in adjusting the tax policy for an adequate tax system. Besides, the outlook on inflation, unemployment rate and foreign direct investment should always be considered by the policymaker in Malaysia for encouraging a significant growth of economic.