



**FACTORS THAT EFFECTING
UNEMPLOYMENT RATE IN MALAYSIA**

**NUR FATINAH BINTI NIPAH
2016534749**

**BACHELOR OF BUSINESS ADMINISTRATION
WITH HONOURS (BUSINESS ECONOMICS)
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
KOTA KINABALU SABAH**

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DECLARATION OF ORIGINAL WORK



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“DECLARATION OF ORIGINAL WORK”**

I, Nur Fatimah Binti Nipah, 970321-15-5028

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ABSTRACT

An economist often believes that by having higher unemployment rate will lead to the economic instability for countries. This study will determine factors that effecting unemployment rate in Malaysia by studying from year 1988 to 2018 which is for 31 years. Data are obtained from World Bank Data. Time series data were used to defines the effect of that increase unemployment rate in Malaysia. It involves some factors which is Gross Domestic Product (GDP) growth, labor force participation rate (LF), and Foreign Direct Investment (FDI) in this study. Based on the results from the test that is conducted in this study, GDP growth has a negative relationship on the unemployment rate. Meanwhile, the labor force participation rate (LF) and foreign direct investment (FDI) inflows has a positive relationship with the unemployment rate.

Thus, some recommendations are suggested to government is increase job opportunity especially for fresh graduates and improve the 1Malaysia Training Schemes (SLIM). In addition, government should command the joint venture policy. Other recommendation, government need to providing open interview because we are towards the industry 4.0, collaboration between government and private sectors firm to recruit worker, and lastly, doing more career carnival every state of Malaysia. So that, people are more attracted to working. It will reduce the unemployment rate in Malaysia.