

UNIVERSITI TEKNOLOGI MARA

**THE IMPACT OF EDUCATION ON ECONOMIC
GROWTH IN MALAYSIA**

NURUL ASYIQIN BINTI CHE HARON
2018639114

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

Faculty of Business and Management

July 2020

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 : Nurul Asyiqin Binti Che Haron

Student I.D. No. : 2018639114

Programme : Bachelor of Business and Administration (Hons)
Investment Management.

Faculty : Business and Management

Thesis : The Impact of Education on Economic Growth in
Malaysia.

Signature of Student : 

Date : July 2020

ABSTRACT

Education has become one of the central issues in the study of economic development. The existing literature suggests that human capital, especially education is an important component of economic growth. However, there are various debates over whether changes in educational attainment do affect the economic growth rate. Thus, this study aims to examine the impact of education on economic growth in Malaysia. The real gross domestic product (GDP) is chosen as the dependent variable in this study while higher graduate student (HEGS), level of income education (LIE), private public ratio (PPR), secondary school enrolment (SSE) and total employed labour force (TELF) are chosen as independent variables of this study. Data of this study will be gathered from Data Stream and World Bank Data from the year 1970 to 2018. This study has conducted by using Ordinary Least Squares method and all data will be tested in EViews software. As result of finding, the total employed labour force and secondary school enrolment have significant relationship with gross domestic product. Meanwhile, higher graduate students, level of income education and private public ratio have significantly negative relationship with gross domestic product.

ACKNOWLEDGEMENT

First of all, I am very grateful to be able to prepare this research successfully. I would never have been able to finish research without the guidance from the lecturer, help from friends and support from my family. A very thankful to Allah for answering my prayers for giving me strength plods on despite my constitution wanting to give up and throw in the towel.

Secondly, I would also like to express my highest appreciation and gratitude to my advisor, madam Nur Liyana Mohamed Yousop, for her excellent guidance, compassion, dedication and giving me an excellent atmosphere in the course of research. She has always been available for assistance despite her packed schedule, and extremely grateful for her good sense of duty. In regards, she is indeed helpful in providing her research expertise and was cooperative during this study. Without her continual guidance and encouragement, a certain research would not be completed. Apart from that, I would also like to thank my FYP coordinator, Sir Kamal FahrulRazy Rahim, for giving FYP guidance.

Big thanks to all the members of my BM251 that have always expressed their information and concerns. I also sincerely appreciate to the parties that supporting me either direct or indirect in prepare this study. Last but not least, special thanks for the encouragement and words of wisdom that my parents and siblings also give. I also want extend my special thanks to them for unconditional mental and financial contributions during this entire study. Without their support, I might not have to finish this research paper.

TABLE OF CONTENTS

	Page
AUTHOR'S DECLARATION	ii
ABSTRACT	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENT	v
LIST OF TABLES	viii
LIST OF FIGURES	ix
LIST OF SYMBOLS	x
LIST OF ABBREVIATIONS	xi
CHAPTER ONE INTRODUCTION	1
1.1 Introduction	1
1.2 Research Background	3
1.3 Problem Statement	5
1.4 Research Questions	6
1.5 Research Objectives	7
1.6 Significance of the Study	8
1.7 Scope of the Study	9
1.8 Limitation of the Study	9
1.9 Definition of Key Terms	10
1.10 Summary	12
CHAPTER TWO LITERATURE REVIEW	13
2.1 Introduction	13
2.2 Education Overview	13
2.3 Higher Education Graduate Student	15
2.4 Level of Income Education	16
2.5 Private Public Ratio	16
2.6 Secondary School Enrollment	17
2.7 Total Employed Labor Force	18