

UNIVERSITI TEKNOLOGI MARA

**DETERMINANTS OF ECONOMIC
GROWTH BASED ON THE
SELECTED MACROECONOMIC
FACTORS: THE CASE OF
MALAYSIA**

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2015125731**

**BBA (Hons) Business Administration
Finance**

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Thesis submitted in fulfillment
of the requirements for the degree of
**Bachelor of Business Administration
(Finance)**

Faculty of Business Management

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AUTHOR'S DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA, Johor Branch, Segamat Campus. 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, Johor Branch, Segamat Campus regulating the conduct of my study and research.

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ABSTRACT

Economic growth is undeniable to be one of the most important aspect of the country which has to be monitored on a regular basis as it contribute towards the economic development of the country. Macroeconomic factors are among the factors that affecting the economic growth of a country. Therefore, this paper aims to find the relationship between macroeconomic factors and economic growth and also the significant determinants of economic growth of a single country which is Malaysia. There are five macroeconomic factors that has been selected in this study which are exports of goods and services, foreign direct investment, government final consumption expenditure, interest rate and unemployment. The study was done for a period of 21 years starting from 1995 until 2015. This paper used time-series data where the data was derived from The World Bank accessed in 2017 using the World Development Indicators (WDI) which is a form of secondary data for the data collection. The methodology of conducting this research was by Ordinary Least Squares (OLS) method. Based on the research conducted, the result of this paper shows that exports of goods and services, foreign direct investment, and government final consumption expenditure have positive relationship with the economic growth of Malaysia. On the other hand, interest rate and unemployment was found to have negative relationship with the economic growth of Malaysia. In addition, it was found that the three independent variables namely exports of goods and services, foreign direct investment, and government final consumption expenditure were the significant determinants of economic growth.

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