

THE DETERMINATION OF UNEMPLOYMENT RATE IN MALAYSIA

MD WARIDI BIN JAMIL 2015560033

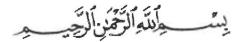
BACHELOR OF BUSINESS ADMINISTRATION WITH HONOURS (FINANCE) FACULTY OF BUSINESS MANAGEMENT MARA UNIVERSITY OF TECHNOLOGY PASIR GUDANG

DECEMBER 2019

ABSTRACT

This study aims to determine the relationship of independent variables towards unemployment rate in Malaysia and to analyze the impact of independent variables on unemployment rate in Malaysia as well as to determine the most significant factor that affects the unemployment rate. The unemployment rate in Malaysia is kept on increasing. Besides that, the economic condition shows the unstable performance of the Malaysian economy. The study will add more reference to an analyst in analyzing the debt offered to the consumer. The study used 35 years period from 1984 to 2018. Other than that, three independent variables are determined to be included in this study, such as Gross Domestic Product (GDP), Inflation Rate (IF) and Population(POP). The relationship of variables and household debt will be tested using Descriptive Analysis, Augmented Dickey Fully (ADF) Unit Root Test, Philips-Perron (PP) Unit Root Test, Normality Test, and Regression Analysis. Secondary data from reliable sources will be gathered. Based on Multiple Regression Model Test, the results show that the Gross Domestic Product (GDP) and Inflation Rate (IF) has a significant variable with the unemployment rate, which indicates that the rise of these independent variables determines the rise of the unemployment rate. However, Population (POP) is found to have adverse effects on the rise of the unemployment rate. The data are taken from Databank, Bloomberg, UiTM Server as well as Bank Negara Malaysia. Therefore, the findings of this study could provide some guidance to policymakers in controlling the unemployment rate and help in realizing the national economic goals. Similarly, economists have capabilities to enhance which part will help in improving decision making by knowing the effects of macroeconomic factors on the unemployment rate in Malaysia. Some recommendations have created for future research on how to expend more knowledge and reliable result such as use different data structure, research on other countries and add more macroeconomic variables.

ACKNOWLEDGEMENT



I wish to acknowledge the contribution of many people who have in one way or another made this research a reality.

My highest appreciation goes to my advisor Madam Suhana Binti Mohamad, Lecturer of Finance, for guidance and support throughout the whole research. Her patient and pieces of advice ensured this thesis to be on the right track and proceed smoothly. I sincerely appreciate what he had done to guide me.

Most importantly, none of this could have happened without my beloved family, friends and course mates, for their helpful suggestions, pieces of advice and moral support throughout the time of completing my industrial training and report paper

Last but not least, I would like to thank those who have helped me either directly or indirectly, throughout the completion of my industrial training and this report. It would not have been possible without them. All of the contribution and humanity was most appreciated. Thank you.

v

TABLE OF CONTENTS

		Page
AUTH	OR'S DECLARATION	ii
ABSTRACT		iv
ACKNOWLEDGEMENT		v
TABLE	E OF CONTENT	vi
СНАР	TER ONE INTRODUCTION	
1.0	Introduction	1
1.1	Background of Study	1
1.2	Problem Statement	4
1.3	Research Objectives	5
1.4	Research Questions	5
1.5	Significance of the Study	6
1.6	Scope of the Study	6
CHAP	TER TWO LITERATURE REVIEW	
2.0	Introduction	10
2.1	Theoretical Review	10
2.2	Empirical Literature	11
2.2.1	Unemployment And GDP	11
2.2.2	Unemployment And Inflation	12
2.2.3	Unemployment And Population	13

CHAPTER THREE RESEARCH METHODOLOGY

	3.0	Introduction	15
	3.1	Sample Data	15
	3.2	Research design	15
	3.3	Theoretical Framework	16
	3.4	Research Hypothesis	16
	3.5	Econometric Method	17
	CHAD	TER FOUR RESULTS AND DISCUSSION	
			22
	4.0	Introduction	22
	4.1	Descriptive Analysis	23
	4.2	Stationary Test	24
	4.3	Normality Test	26
	4.4	Correlation Test	27
	4.5	Regression Analysis	29
	4.6	Durbin Watson Test	32
	CHAP	TER FIVE CONCLUSION AND RECOMMENDATION	
	5.0	Introduction	33
	5.1	Conclusion	33
	5.2	Recommendations	34
	5.3	Summary	35
REFERENCES			36
	APPE	NDICES	4 <u>9</u>
			_