



UNIVERSITI TEKNOLOGI MARA

**DETERMINANTS OF UNEMPLOYMENT RATE IN
MALAYSIA**

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AUTHOR'S DECLARATION

I declare that the work in this dissertation 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 Post Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

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ABSTRACT

This study examines the determinants of unemployment rate in Malaysia. The dependent variable in this study is unemployment rate (UEM). There are five selected independent variables in this study which are gross domestic product growth (GDP), real interest rate (INR), foreign direct investment (FDI), population growth (POP) and trade openness (TO). This study used quantitative secondary data which are time series data and multiple regression models that represented by the Ordinary Least Square (OLS) regression as to investigate the effect of independent variables towards dependent variable. The period of data covered from 1989 until 2019. Based on the previous researcher, Shu Chen (2005), the evidence shows that there is no relationship between FDI inflow and unemployment. Population is seen to have a positive relationship with the level of unemployment stated by (Bakare A.S, 2011). According to the Cheema & Atta (2014), there is statistically significant negative relationship between openness of trade and unemployment in the long run and in short-run. Chowdhury & Hossain (2014) states that GDP growth has negative impact on unemployment. Interest rate have negative and insignificant impact on unemployment rate stated by the (Arshad et.al, 2016).

Keywords: unemployment rate (UEM), gross domestic product growth (GDP), real interest rate (INR), foreign direct investment (FDI), population growth (POP), trade openness (TO)

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Table of Contents

AUTHOR'S DECLARATION.....	i
ABSTRACT.....	ii
ACKNOWLEDGEMENT.....	iii
LIST OF TABLES.....	vii
LIST OF FIGURES.....	viii
CHAPTER ONE: INTRODUCTION.....	1
1.1 INTRODUCTION.....	1
1.2 BACKGROUND OF STUDY.....	2
1.3 PROBLEM STATEMENT.....	5
1.4 RESEARCH QUESTION(S).....	6
1.5 RESEARCH OBJECTIVE(S).....	6
1.6 SIGNIFICANT OF THE STUDY.....	7
1.6.1 Significant to the Researcher.....	7
1.6.2 Significant to the Workers.....	7
1.6.3 Significant to the Government.....	7
1.7 SCOPE OF THE STUDY.....	7
1.8 LIMITATIONS OF THE STUDY.....	8
1.8.1 Lack of past research.....	8
1.8.2 Data constraint.....	8
1.8.3 Lack of experience.....	8
1.9 DEFINITION OF KEY TERM.....	9
1.9.1 Gross Domestic Product Growth (GDP).....	9
1.9.2 Real Interest Rate (INR).....	9
1.9.3 Inflation Rate (INF).....	9
1.9.4 Foreign Direct Investment (FDI).....	9
1.9.5 Labour Force (LF).....	10
1.9.6 Unemployment Rate (UEM).....	10
1.10 SUMMARY.....	10
CHAPTER TWO: LITERATURE REVIEW.....	11
2.1 INTRODUCTION.....	11
2.2 LITERATURE REVIEW ON UNEMPLOYMENT RATE.....	12
2.3 LITERATURE REVIEW ON GROSS DOMESTIC PRODUCT GROWTH (GDP).....	14
2.4 LITERATURE REVIEW ON REAL INTEREST RATE.....	16
2.5 LITERATURE REVIEW ON INFLATION RATE.....	18

iv