UNIVERSITI TEKNOLOGI MARA

THE DETERMINANTS OF ENERGY CONSUMPTION IN MALAYSIA

SITI 'AISYAH BINTI JAMIL
2015664084

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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   :   Siti 'Aisyah binti Jamil

Student I.D. No.   :   2015664084

Programme   :   Bachelor of Business and Administration (Hons) Finance.

Faculty   :   Business and Management

Thesis   :   The Determinants of Energy Consumption in Malaysia

Signature of Student   :   ....

Date   :   December 2018

ABSTRACT

The environmental consequences of rising energy consumption bring climate change and global warming. The rising climate change and global warming are detrimental to the quality of natural environment and human being living on the planet. To reduce global warming, governments and policy makers of high pollution-emitting countries are planning to cut their energy use by enhancing energy innovation development and are also exploring the energy-growth relationship. Many empirical studies have previously been conducted on the energy growth linkages (Kraft and Kraft, 1978; Ozturk, 2010). Unfortunately, these studies have flaws. Although there a a lot of past researches focusing on energy consumption, most of them seems to only concentrate on single factors and countries as examples. Other than that, Dogan and Seker (2016) also noticed that almost all past literatures use conventional panel estimation techniques which fail to take into account cross-sectional dependence across countries in the panel. Because of this, we elected to contribute to the research by presenting a study that analyses several factors which are economic growth, financial development, urbanization, income level and price level in Malaysia. This study seeks to determine and acknowledge the drivers of energy consumption. This research study on economic growth, urbanization, income level and price level as determinants of energy consumption. In order to achieve the objective of the study, Multiple regression Method will be used. The Regression Model will later be run on eViews 10.0 software where several tests will be done, which are Correlation tets, Regression test, Assumptions test which includes Jarque-Bera test, Variance Inflation Factors (VIF) test, and linearity test to test the hypothesis and obtain findings. The findings of this research will later be presented in Chapter 4 of the full report.

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