



**A STUDY ON THE FACTORS THAT AFFECTING GROSS DOMESTIC  
PRODUCTS IN MALAYSIA**

**NURUL ALIA IZZATI BINTI ABD JALIL**

**2013144319**

Submitted in Partial Fulfillment of the Requirement for the Bachelor of Business  
Administration (Hons) Finance

**Faculty of Business Management**

**Universiti Teknologi Mara**

**Segamat, Johor.**

**1<sup>ST</sup> JANUARY 2017**

## **ACKNOWLEDGEMENT**

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. I am thankful to Allah for answering my prayers for giving me strength plod on despites my constitution wanting to give up and throw in the towel.

I would like to express my highest appreciation and thankfulness to my lecturer, Mr. Syamsyul Samsudin for his excellent guidance, caring, patience and providing me with an excellent atmosphere during my research.

Big thank to my JBM 242 5B members who always shared opinions and experience with me. I also would like to acknowledge to the parties that helping me in preparing this research either directly or indirectly.

Last but not least, special thank for my parents and family who always support and advices. Without their encouragement, I would not have to finish this research paper.

## **ABSTRACT**

The changes in gross domestic product in Malaysia have attracted the attention and believe to be the most studied construct in finance. Gross domestic product is one of the indicators of the economy stability. Therefore, this study is to determine the factors that affect gross domestic products in Malaysia. The objectives of this study are to measure the factors that affect gross domestic product in Malaysia and to identify the most affected factor between the factors listed.

## TABLE OF CONTENTS

DECLARATION OF ORIGINAL WORK.....	i
LETTER OF SUBMISSION.....	ii
ACKNOWLEDGEMENT.....	iii
ABSTRACT.....	iv
TABLE OF CONTENTS.....	v
CHAPTER 1: INTRODUCTION	
1.1 INTRODUCTION.....	1
1.2 RESEARCH BACKGROUND.....	2
1.3 PROBLEM STATEMENT.....	3
1.4 RESEARCH OBJECTIVE.....	4
1.4.1 Main Research Objective.....	4
1.4.2 Specific Research Objective.....	4
1.5 RESEARCH QUESTION.....	5
1.5.1 Main Research Question.....	5
1.5.2 Specific Research Question.....	5
1.6 SIGNIFICANCE OF STUDY.....	6
1.7 SUMMARY .....	6
CHAPTER 2: LITERATURE RIVIEW	
2.1 INTRODUCTION.....	7
2.2 OVERVIEW MALAYSIA ECONOMY.....	7
2.3 COMPARISON ECONOMY SINGAPORE AND THAILAND.....	8
2.4 FOREIGN DIRECT INVESTMENT (FDI).....	10
2.5 UNEMPLOYMENT.....	12
2.6 INFLATION .....	14
2.7 SUMMARY.....	16
CHAPTER 3: RESEARCH METHODOLOGY	
3.1 INTRODUCTION.....	17
3.2 DATA COLLECTION.....	17
3.2.1 Secondary Data.....	17
3.3 VARIABLES.....	18
3.3.1 Dependent Variable.....	18
3.3.2 Independent Variables.....	19
3.4 RESEARCH DESIGN.....	19

3.4.1	Purpose of Study.....	19
3.4.2	Type of Investigation.....	20
3.4.3	Unit of Analysis.....	20
3.4.4	Time Horizon.....	20
3.5	RESEARCH FRAMEWORK.....	21
3.6	SAMPLING DESIGN.....	21
3.6.1	Target Population.....	21
3.6.2	Sampling Size.....	21
3.7	TESTS CONSIDERATION FOR DATA ANALYSIS.....	22
3.7.1	Descriptive Analysis Test.....	22
3.7.2	Test of Stationary: Unit Root Test.....	22
3.7.3	Correlation Test: Covariance Analysis.....	23
3.7.4	Normality Test.....	23
3.7.5	Autocorrelation – Serial Correlation Test.....	23
3.7.6	Heteroscedasticity Test – Variance of Error Term Test.....	24
3.7.7	Multi-collinearity Test.....	24
3.7.8	Test of Functional Form.....	25
3.7.9	Multiple Linear Regression Model.....	25
3.8	HIPOTHESIS STATEMENT.....	28
3.9	SUMMARY.....	29
<b>CHAPTER 4: DATA ANALYSIS</b>		
4.1	INTRODUCTION.....	30
4.2	DESCRIPTIVE ANALYSIS.....	31
4.3	TEST OF STATIONARY.....	32
4.3.1	Unit Root Test.....	32
4.4	CORRELATION TEST: COVARIENCE ANALYSIS.....	35
4.5	TEST OF ASSUMPTION.....	35
4.5.1	Normality Test.....	36
4.5.2	Autocorrelation Test – Serial Correlation Test.....	37
4.5.3	Heteroscedasticity Test – Variance of Error Term Test.....	37
4.5.4	Multi-collinearity Test.....	38
4.5.5	Test of Functional Form.....	38
4.6	TEST OF HYPOTHESIS: MULTIPLE LINEAR REGRESSION.....	39
4.6.1	Coefficients.....	40
4.6.1.1	Foreign Direct Investment (FDI).....	41
4.6.1.2	Unemployment Rate (UR).....	41
4.6.1.3	Inflation Rate (IR).....	42
4.6.2	F-Test .....	42