

**THE FACTORS CONTRIBUTE TO THE PRODUCTION OF AGRICULTURAL  
SECTOR IN MALAYSIA**

**· DYG. NAZATHUL SHUZIANI BT. AWG. HEP  
2011668226**

**SUBMITTED IN PARTIAL FULFILMENT OF THE  
REQUIREMENT FOR THE BACHELOR OF  
BUSINESS ADMINISTRATION WITH HONOURS (BUSINESS ECONOMICS)**

**FACULTY OF BUSINESS MANAGEMENT  
UNIVERSITY TEKNOLOGI MARA  
SABAH**

**JUNE 2014**

## ACKNOWLEDGEMENT

I would like to thank Allah S.W.T for giving me such a strength, patience, and healthiness along the completion of this thesis. Thanks to Allah S.W.T for His blessing and guidance during any difficulties and barriers in preparing for this final project. Other than that, I also want to give special thanks to my beloved parents, families, and friends who is always be beside me and praying for me in completing this project. Then, special thanks to my advisor, Mr. Hj. Wahi Ismail and my co advisor Dr. Ting for the guidance, advice, ideas, patience, and valuable time for helping me until the end of this research project. Without the help from those people it would be hard and impossible for me to give my best in complete this thesis. Lastly, without all their commitment and guidance, this thesis might not be accomplished in the giving time.

## TABLE OF CONTENTS

	<b>Pages</b>
DECLARATION OF WORK	ii
LETTER OF TRANSMITTAL	iii
ACKNOWLEDGEMENT	v
TABLE OF CONTENT	vi
LIST OF FIGURES	ix
LIST OF TABLES	ix
LIST OF ABBREVIATIONS	ix
ABSTRACT	x
<b>CHAPTER 1 INTRODUCTION</b>	
1.1 Background of Study	1
1.1.1 Overview of agricultural sector growth and production in Malaysia	2
1.1.2 Overview of agricultural food production	4
1.1.3 Overview of agricultural land use	6
1.2 Problem Statement	8
1.3 Research Objectives	8
1.4 Scope and Limitations	9
1.5 Significance of Study	10
1.6 Organization of the Research	10
<b>CHAPTER 2 LITERATURE REVIEW AND THEORY</b>	
2.1 Introduction	14
2.2 Theory	14
2.2.1 Classical growth theory	14
2.2.2 Neoclassical theory of land reform	15
2.2.3 Cobb-Douglas Production theory	15
2.3 Model specification	16

<b>CHAPTER 2</b>	<b>2.4 Literature review</b>	<b>17</b>
	2.4.1 Relationship between food production and production of Agricultural sector	17
	2.4.2 Relationship between land use and production of agricultural Sector	19
	2.5 Conceptual framework	21

## **APPENDIX**

### **CHAPTER 3 DATA AND METHODOLOGY**

3.1	Introduction	22
3.2	Data	22
3.3	Analysis of Data	23
	3.3.1 Single regression	
	3.3.2 Multiple regression	
	3.3.3 Unit root test	
	3.3.4 Ordinary least square (OLS)	
	3.3.5 Heteroscedasticity	
	3.3.6 Autocorrelation	
	3.3.7 Multicollinearity	
3.4	Statistical Software	28
3.5	General hypothesis	28
3.6	Summary of chapter	29

### **CHAPTER 4 RESULT AND FINDINGS**

4.1	Introduction	30
4.2	Descriptive statistics	31
4.3	Findings	32
	4.3.1 Unit root test (ADF)	32
	4.3.2 Ordinary Least Square (OLS)	34
	4.3.3 Heteroscedasticity (white test)	36

## ABSTRACT

Economic growth of any country can easily be evaluated based on their Gross Domestic Product (GDP) or total production. While, for us to see the growth of any sector or economic activity in Malaysia, it is also possible to see at the GDP contribution from the overall country's GDP or GNP. In this study, macroeconomic variable such as Gross Domestic Product (GDP) will be use in order for us to see the total production or output of one important sector in Malaysia which is Agricultural sector. Compared to the other sector, Agicultural sector contribute to national income since independence. To be specifically, this study will be more focuses on how Agricultural sector help to contribute to the growth of agricultural sector which are in terms of food production and land use in that sector. First of all, all stationary must be checked before next procedure can be proceed. The the data will be collected from several sources such as Economic Planning Unit, Economic Report, and World Bank. Other than that, there are 30 years time series data is required in this study. Secondly, few tests has been conducted to investigate the relationship between variable.