



UNIVERSITI TEKNOLOGI MARA

**RELATIONSHIP BETWEEN UNEMPLOYMENT
AND SELECTED MACROECONOMIC VARIABLES
IN MALAYSIA**

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ABSTRACT

Economic growth plays an important role in affecting employment in Malaysia whether it is positive or negative way. From the statistics, employment in Malaysia can be measured by looking at the annual unemployment rate where it is relatively higher in the 1980s, reaching its peak in 1986 at 7.4% and during 2020 is the recorded the second higher rate with 4.5. this is because there are major events happened that led the macroeconomics factors fluctuated. Since the unemployment is related and influenced by the economic growths, thus changes in macroeconomics factors will also change the unemployment rate. Macroeconomic factors such as gross domestic product (GDP), foreign direct investment (FDI) and exchange rate (ER) as the independent variables and are used to perform this research. unemployment rate as dependent variables w. This study examined data analysis considerations, such as descriptive analysis, which aided in data distribution and the detection of errors and typos. Furthermore, regression analysis and diagnostic test are utilised to quantify data into a single equation to explain how changes in the independent variable affect the dependent variables.

Keywords: Unemployment rate, Gross domestic product, Foreign direct investment, Exchange rate

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CHAPTER ONE INTRODUCTION

1.1 Introduction

According to the World Bank, employment is becoming a vital part of the country's economic recovery. To break out of the poverty and improve living standards are the main target of employment. The economic labour supplies comprise employed people, unemployed but looking for job and job's seekers beginner. Employment also can be related to the working age population where it brings the meaning of the persons in age group of 15 and over. Labour force participation rate is 68.4% which is slightly decrease compared to the year of 2019 which is 0.03% more higher based from Malaysia labour forces statistic 2020. This participation rate includes local and outside labour force in Malaysia. However, unemployment rate statistic shows that increasing number in 2020 at 4.5% higher than 3.3% in the year before.

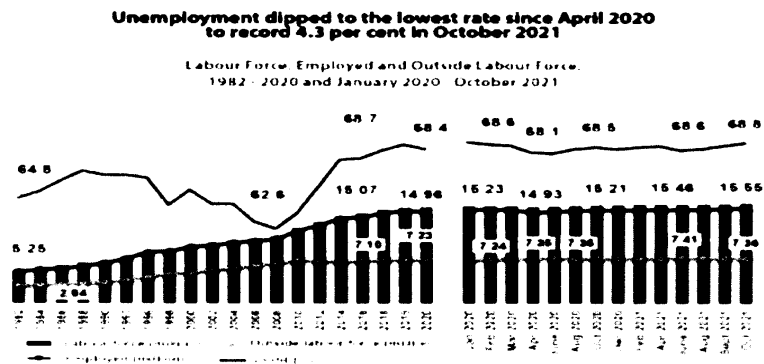


Figure 1 Unemployment Rate in Malaysia from 198 -2020