



UNIVERSITI TEKNOLOGI MARA

**FACTORS THAT AFFECTING UNEMPLOYMENT
RATE IN SELECTED ASEAN COUNTRIES**

**MUHAMMAD IRFAN BIN MUSA
2015110033**

Final Year Project Paper submitted in fulfillment
of the requirements for the degree of
**Bachelor of Business Administration
(Finance)**

Faculty of Business and Management

December 2018

ABSTRACT

This study investigates the effect of foreign direct investment and population growth toward unemployment rate in Malaysia, Indonesia and Singapore from 1986 – 2016. Unemployment rate is one of the important macroeconomic issues that all government and economic face. The nature and dynamics of the country's economic development are the subjects of close attention of economists and politicians. Foreign investment is an essential factor in the growth of national economies, an important source of capital investment in the national production of goods and services. These indicators determine the investment attractiveness of the country. While, population growth is the increase in the number of individuals in a population. The natural increase in the population is the excess of the number of births over the number of deaths. The population of the entire planet, its age and sex structure, duration and quality of life, the qualification of the labour force, the migration of the population, its socio-economic consequences, all this largely determines the trends in the development of the modern world and its economy. The problems of unemployment in a market economy are becoming increasingly important. When the economies of many countries are on the verge of crises, unemployment can be one of the indicators of the complication of the socioeconomic situation of the government. It affects almost all segments of society, ranging from students to retired senior citizens. Unemployment has the most direct and strong influence on every individual. This study is to determine the effect of foreign direct investment and population growth on unemployment in Malaysia, Indonesia and Singapore. This study using panel data and collecting data from secondary data. It cover 30 years from 1986 until 2016 in Malaysia, Indonesia and Singapore. The dependent variable is unemployment rate, while independent variable are foreign direct investment and population growth. The data was collected from World Bank. The finding suggest that there are significant relationship between foreign direct investment and population growth toward unemployment rate.

Keywords: unemployment rate, foreign direct investment, population growth, Malaysia, Indonesia, Singapore.

ACKNOWLEDGEMENT

First and foremost, I wish to thank God for giving me the opportunity in completing the industrial training successfully in which required by Universiti Teknologi Mara in order to finish my degree. Also, I am grateful that Allah s.w.t keeping me in a healthy condition so that I can successfully complete my internship. Plus, I would like to thanks to my advisor, Dr Faridah Najuna Misman for the advices and also the guidance regarding to final year project (FYP) so that I can finish it within the time.

Next, a lot of thank I wish to my internship company which is Edaran Mutiara KK Sdn. Bhd. for giving me an opportunity to pursue and completing my industrial training at Edaran Mutiara. It was a great experience in becoming one of the staffs at Edaran Mutiara. With this opportunity, it is directly improved my soft skills and working experience as it is an important criteria that the employer looks for.

Last but not least, my gratitude and a lot of thanks also goes to my supervisor, Anis Alyani Binti Ahmad Salleh for providing an advice and guidance as long as I undergo my industrial training. There are a lot of knowledges that I gained through the industrial training. Thank you for this opportunity and guidance.

TABLE OF CONTENTS

	Page
AUTHOR'S DECLARATION	ii
ABSTRACT	iii
ACKNOWLEDGEMENT	iv
LIST OF TABLES	vii
LIST OF FIGURES	viii
LIST OF SYMBOLS	ix
LIST OF ABBREVIATIONS	x
LIST OF NOMENCLATURE	xi
CHAPTER ONE INTRODUCTION	1
1.1 Introduction	1
1.2 Research Background	2
1.3 Problem Statement	5
1.4 Research Questions	5
1.5 Research Objectives	6
1.6 Significance of the Study	6
1.7 Scope of the Study	7
1.8 Limitation of the Study	7
1.9 Definition of Key Terms	8
1.10 Summary	8
CHAPTER TWO LITERATURE REVIEW	9
2.1 Introduction	9
2.2 Literature Review	9
2.3 Theoretical Framework	11
2.4 Summary	11

CHAPTER ONE

INTRODUCTION

1.1 Introduction

This study examines the impact of outside coordinate venture and populace development toward unemployment rate in Malaysia, Indonesia and Singapore from 1986 to 2016. Unemployment rate is one of the imperative macroeconomic issues that all government and financial confront. The nature and flow of the country's financial improvement are the subjects of near consideration of financial specialists and lawmakers.

Depending on forms and auxiliary changes taken put within the national economy within the life of the nation and its prospects. Remote speculation is a fundamental figure within the development of national economies, a vital source of capital speculation within the national generation of products and services. These pointers decide the venture allure of the nation. Whereas, populace development is the increment within the number of people in a populace.

The natural increase in the population is the excess of the number of births over the number of deaths. The population of the entire planet, its age and sex structure, duration and quality of life, the qualification of the labor force, the migration of the population, its socio-economic consequences, all this largely determines the trends in the development of the modern world and its economy. This phenomenon serves as a certain basis for maintaining old ideas about the optimal population and optimal economic growth.