



THE IMPACT OF FOREIGN DIRECT INVESTMENT AND FISCAL
INSTRUMENT TOWARDS UNEMPLOYMENT TISSUE
IN MALAYSIA

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Abstract

This paper focused on studies about the relationship among public foreign direct investment, taxation and government spending with unemployment issues in Malaysia. Studies on the variables are using Department of Statistic Malaysia data from 1982 to 2010 which consist 29 years-length. Several types of analyses are performed in determine each of explanatory variable towards variable that need to be explained. First, we study the stationary between foreign direct investment, taxation and government spending with the unemployment issues in Malaysia using panel unit root test. Secondly, we also study about the relationship between the independent variables and dependent variable either it has positive or negative relationship using single and multiple regression model. The result reveals that the independent variables have a different relationship with the dependent variables. For example, as for the foreign direct investment and government spending, it has a negative relationship with unemployment while taxation has a positive relationship. The time series data are subjected to various shortcomings such as autocorrelation problem. As for the conclusion, we can conclude that the foreign direct investment and government spending are highly correlated to the unemployment while taxation is vice versa.

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