



**THE IMPACT OF MACROECONOMIC VARIABLES TOWARDS ECONOMIC
GROWTH IN MALAYSIA**

TUAN MUHAMAD HANIF BIN HALIM

2016577105

**SUBMITTED IN PARTIAL FULFILLMENT
OF THE REQUIREMENT FOR
THE BACHELOR OF BUSINESS ADMINISTRATION WITH HONOURS
(FINANCE)**

**FACULTY OF BUSINESS AND MANAGEMENT
UNIVERSITI TEKNOLOGI MARA CAWANGAN TERENGGANU**

JUNE 2019

ACKNOWLEDGEMENT

“In the name of Allah, The Merciful, The Gracious”

Alhamdulillah to Allah the Almighty for putting forward us such a great patience, strength, courage and the ability to complete our research paper.

Firstly, I would like to wish thank you and express our heartfelt gratitude and appreciation to my lecturer Associate Dr. Rosman Mahmood and also Dr Ahmad Suffian Mohd Zahari who had guided me through the duration of this study. I very truly grateful to his continual support and cooperation, as being prepared to assist me all along the completion of the project. Sincere thanks also to my family members and fellow classmates for their support and understanding. Besides, I would like to thank other lecturers who have guided is directly and indirectly with a new idea on the path of completing this study. I appreciate the moral support and understanding throughout during the process.

Finally, this it would not been possible without the support and help of many people. Once again, I am very grateful and thank you to all the assistance contributed in my study.

Table of Contents

CHAPTER ONE: INTRODUCTION.....	1
1.0 Background of the Study	1
1.1 Problem Statement.....	2
1.2 Research Questions.....	5
1.3 Objective of the Study	6
1.3.1 General Objective	6
1.3.2 Specific Objective.....	6
1.4 Scope of the Study	6
1.5 Limitation of the Study	6
1.6 Significant of the Study	7
1.7 Conclusion	7
1.8 Organization of reports	8
CHAPTER TWO: LITERATURE REVIEW.....	9
2.0 Introduction.....	9
2.1 Theory of the Study	9
2.2 Macroeconomic Variables and Economic Growth.....	10
2.2.1 Foreign Direct Investment	10
2.2.2 Exports.....	12
2.2.3 Savings.....	12
2.2.4 Inflation.....	14
2.3 Conclusion	15
CHAPTER THREE: METHODOLOGY	16
3.0 Introduction.....	16
3.1 Theoretical Framework.....	16
3.2 Hypothesis of Study	17
3.3 Research Design	17

3.4 Data Collection	17
3.5 Data Processing.....	18
3.6 Estimating equation model:	19
3.7 Data Analysis.....	19
3.7.1 Electronic Views (E- Views).....	19
3.7.2 Ordinary Least Square	20
3.7.3 Multiple Linear Regressions.....	20
3.7.4 R-Squares.....	21
3.7.5 F-Test Statistic	21
3.7.6 T-Test Statistic.....	22
3.7.7 Diagnostic Checking.....	22
3.7.8 Autocorrelation	23
3.8 Conclusion	23
CHAPTER FOUR: DATA ANALYSIS	24
4.0 Introduction.....	24
4.1 Descriptive Statistics.....	24
4.1.1 Mean	24
4.1.2 Median	25
4.1.3 Skewness.....	25
4.1.4 Kurtosis.....	25
4.1.5 Jarque-Bera	25
4.2 Correlation	25
4.2.1 Multicollinearity	25
4.3 Regression.....	26
4.3.1 Estimated model	26
4.3.2 Regression model.....	27
4.3.3 Interpretation Based on Regression Model.....	27

ABSTRACT

This paper aim at discovering out the impact of independent variables towards Gross Domestic Product (GDP) in Malaysia. The considered variables are Foreign Direct Investment (FDI), export of good and services (EX), inflation rates (INF), and saving (SAV). This study required 37 observations of data for each variable from 1980 until 2017. Methodology used for this study is using Multiple Linear Regression with time series data. Thereafter, T-Statistics and coefficient test is to be conducted to observe the relationship of the independent variables with GDP. Interactive software package E-view would be used for testing and analyzing the data collected. The fundamental principle of the classical theory is that the economy is self-regulating. Classical economists maintain that the economy is always capable of achieving the natural level of real GDP or output, which is the level of real GDP that is obtained when the economy's resources are fully employed. While circumstances arise from time to time that cause the economy to fall below or to exceed the natural level of real GDP, self-adjustment mechanisms exist within the market system that work to bring the economy back to the natural level of real GDP. At the end of research export, FDI has positive relationship but inflation and saving has negative relationship towards economic growth. So for the future research, the study will increase the scope of study, variables and also the area of the study.