

# DETERMINANTS OF ECONOMIC GROWTH IN MALAYSIA: EVIDENCE FROM TIME SERIES

## NUR ATIFAH BINTI BACHO

## 2014788457

# BACHELOR OF BUSINESS ADMINSTRATION WITH HONOURS

## (BUSINESS IN ECONOMICS)

# FACULTY OF BUSINESS MANAGEMENT UNIVERSITY TECHNOLOGY MARA (UiTM) SABAH

JUNE 2017

#### ACKNOWLEDGEMENT

First of all I want to express my deepest appreciate and gratitude to my project supervisor Madam Rainah Ginsad because of all the precious advice and guidance for me to complete this study. Though she busy with her duties but she will spend more time to hear and guide me to correct paths. Her patients in guide and give motivation to me has contributed greatly to success of this project.

On the other hand, I would like to express my thanks to the University Institusi Teknology Mara (UiTM) for provide goods facilities and study environment for me to complete of this project. Besides I truly appreciated with the online library system that UiTM provided. It made our research easier in the sense of accessing to the data and retrieving the favorable journals.

Furthermore, without a doubt I also want to express my thanks to Kementerian Perdagangan Dalam Negeri Koperasi dan Kepengunaan (KPDNKK) because allow me to meet my project supervisor and give us the opportunity to complete it during my practicum.

Lastly the appreciation will be given to our families and friends who gave me their full support and encouragement in finishing our project

### **Table of Contents**

	Page
Title page	i
Declaration of original work	ii
Letter of Transmittal	iii
Acknowledgement	iv
Table of Contents	v-vii
List of Table	viii
List of Graph	
List of Abbreviations	ix
List of Appendix	x
Executive Summary	xi
CHAPTER 1: INTRODUCTION	
1.0 Introduction	1
1.1 Background of Study	1-2
1.2 Problem Statement	3-4
1.3 Research Objective	5
1.4 Research Question	5
1.5. Significant of Study	6-7
1.6 Scope and Limitation of Study	8
1.7 Organization of the Study	9

### **CHAPTER 2: LITERATURE REVIEW**

2.0 Introduction	10
2.1 Literature Review	10-14
2.1 Economic growth with Inflation	10-11
2.2 Economic growth with FDI	12-13
2.3 Economic growth with Export	13
2.4 Conceptual Framework	14
2.3 Summary of Chapter	14

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

3.0 Introduction	15
3.1 Data Collection	15-16
3.2 Research Model	16
3.3 Research Flow	17
3.4 Empirical Model	18
3.4.1 Variables	19-22
3.5 Methodology	23
3.5.1 Hypothesis	23-24
3.6 Data Analysis Description	25-27
3.6.1 Unit Root Test	25
3.6.2 Diagnostic Check	25-26
3.7 Summary of the Chapter	27

#### **EXECUTIVE SUMMARY**

This study will determine the relationship between GDP (Gross Domestic Product) with Inflation (INF), Foreign Direct Investment (FDI) and Export (EX) in Malaysia from the period 1985 to 2015. This study uses the model Time Series by using the OLS (Ordinary Least Squares). The result from the multiple regression techniques clearly indicate that there exists relationship between Inflation, Foreign Direct Investment and Export in Malaysia.

Inflation has a negative relationship with the economic growth while Foreign Direct Investment and Export have strong positive relationship toward the GDP rate in Malaysia. All the independent variables (Inflation, Foreign Direct Investment and Export) were statistically significant result. Therefore the result shows that inflation, foreign direct investment and export can influence the economic performance of the country.