



FACTORS THAT INFLUENCE ECONOMIC GROWTH IN MUSLIM ECONOMY

SYAHIRAH BINTI MAT YUSOFF

2010295324

**BACHELOR OF BUSINESS ADMINISTRATION
WITH HONOURS (ISLAMIC BANKING)
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA (TERENGGANU)**

JUNE 2012

TABLE OF CONTENT

	PAGES
ACKNOWLEDGEMENT	iv
LIST OF TABLES	v
LIST OF FIGURES	vi
LIST OF ABBREVIATIONS	vi
LIST OF DEFINITION OF TERMS	vii
ABSTRACT	viii
CHAPTER ONE: INTRODUCTION	
1.1 Introduction	1
1.2 Background of the study	3
1.2.1 Background of Malaysia	4
1.2.2 Background of Albania	4
1.2.3 Background of Brunei	5
1.2.4 Background of Qatar	5
1.3 Problem Statement/ Research Question	6
1.4 Research Objectives	8
1.5 Scope of the study	8
1.6 Significant of the study	9
1.7 Limitation of the study	9
1.8 Operational definition	
1.8.1 Gross Domestic Product	10
1.8.2 Economic Growth	11
1.8.3 OIC Countries	11

1.8.4	Riba	11
1.8.5	Economic Policy	11

CHAPTER TWO: LITERATURE REVIEW

2.1	Dependent variable	
2.1.1	Economic growth	12
2.2	independent variables	
2.2.1	Gross Domestic Product	14
2.2.2	Education	15
2.2.3	Foreign Direct Investment	17
2.2.4	Technology	20

CHAPTER THREE: RESEARCH METHODOLOGY

3.	Introduction	22
3.1	Model specification	22
3.2	Data collection method	23
3.2.1:	Economic Growth	24
3.2.2:	Gross Domestic Product (GDP)	24
3.2.3:	Education	24
3.2.4:	Foreign Direct Investment (FDI)	24
3.2.5:	Technology	25
3.3	Data analysis method	25
3.4	Theoretical Framework	27
3.5	Hypothesis	29

ACKNOWLEDGEMENT

All praise is for Allah Sub'hanahu wa Ta'ala and may His blessings, peace and favours descend in perpetuity on our beloved Prophet Muhammad al-Mustafa, Sallallahu 'alaihi wa Sallam who is mercy for all the worlds. Alhamdulillah, in the name of Allah; the Beneficent, the Merciful who for His Love and Compassion I got to start and finish this research in the first place.

I would like to express my deepest gratitude to Madam Noorazlina Bt Ahmad. Her smile sustains me through my studies and his teachings inspire me to push myself over the boundaries of my limited capabilities. My thanks extend to Madam Nur Raihana Binti Mohd Sallem who had been so courteous in examining my research study. Every assistance, help and guidance is well appreciated.

Furthermore, I would like to take this opportunity to express my special thanks to UiTM librarian for their and guidance for me during collecting materials in effort to finish my research study on time.

God bless my parents for their love, prayers, moral support, sacrifices and for bearing with me patiently through the trials of life. Thanks to my siblings for their financial aids and understanding which had kept me going for another million miles.

Finally, I would like to give credit to all of my friends for sticking with me at all times of tears and joy. Thank you for lending your shoulders to me throughout our journey at the university. I have benefited immensely from all of you. May Allah sustain your love and extend it to all creatures in this world and hereafter.

ABSTRACT

The purpose of this paper is to build various models to economic growth in Muslim economic at OIC countries and its determinant which is Gross Domestic Product, Foreign Direct Investment and Technology using Pooled Ordinary Least Square (OLS) regression and Breusch Pagan Test. The relationship among those variables is gathered and investigated by using United Nations- UN data from year 2000 to 2010. The researcher focused on that particular period of study because the performance of economic in world is growing rapidly on this period. After completed the analysis by using Pooled Ordinary Least Square (OLS) significant value was showed by P-value. Next test was proceed by using Breusch Pagan Lagrangian Test. This test was showed significant also. Hausman test done by researcher to test the significant of the variables. In this research, Hausman test showed insignificant value. To precede this study, Random Effect Regression will be used to test the significant of the variable. From this result, one variable such as Foreign Direct Investment (FDI) have a significant relationship toward economic growth in Muslim economic. Meanwhile, another three variables such as education, gross domestic product and technology have insignificant relationship toward economic growth in Muslim economic.