

**THE STUDY OF RELATIONSHIP BETWEEN THE PRODUCTION
VOLUME OF NATURAL RUBBER, THE WAGES OF ESTATE
WORKERS AND THE PRODUCTION VOLUME OF SYNTHETIC
RUBBER TOWARDS THE PRICE OF THE NATURAL RUBBER**

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Dear Sir

SUBMISSION OF PROJECT PAPER (FIN 660)

Attached is the project paper entitle "A STUDY OF RELATIONSHIP BETWEEN THE PRODUCTION VOLUME OF NATURAL RUBBER, THE WAGES OF ESTATE WORKER AND THE PRODUCTION VOLUME OF SYNTHETIC RUBBER TOWARDS THE PRICE OF THE NATURAL RUBBER" to fulfill the requirement as needed by the faculty of Business Management, Universiti Teknologi MARA.

Thank you

Yours Faithfully

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ABSTRACT

The purpose of the study is to identify whether the production volume of natural rubber, the wages of estate worker and the production volume of synthetic rubber has a positive or negative relationship with or could be the factor to determine the price of natural rubber. The data is collected on monthly basis taken from January 2000 until October 2005. This study used Simple and Multiple Regression Model to analyze the three variables concerned. From the result, it is shown that the production volume of natural rubber and production volume of synthetic rubber have significant relationship with the price of natural rubber. Then the wages of estate worker has no significant relationship with price of natural rubber. The production volume of synthetic rubber shows the strongest relationship compare to other variables.

TABLE OF CONTENT

Letter of Submission	i
Acknowledgement	ii
Abstract	iv
List of Abbreviations	v
List of Tables	vi
1. INTRODUCTION	1
1.1. Background of the Study	2
1.2. An Overview of Production volume of Natural Rubber	6
1.3. An Overview of Wages of Estate Worker	8
1.4. An Overview of Production volume Synthetic Rubber	9
1.5. Problem Statement	11
1.6. The Objectives	14
1.7. Significant of the Study	15
1.7.1. To the Researcher	15
1.7.2. To Uitm	15
1.7.3. To the other Researcher	15
1.7.4. To the Investor	15
1.7.5. To Public	15
1.8. Scope of Study	16
1.8.1. Area of Study	16
1.8.2. Element of the Study	16
1.8.3. Data Used	16
1.9. Limitation of the Study	17
1.9.1. Accuracy and Reliability of the Data	17
1.9.2. Time Constraint	17
1.9.3. Lack of Literature Review and Study Definition	17
1.9.4. The Topic Understudy	17
1.10. Definition of Terms	18
1.10.1. Production of Natural Rubber	18
1.10.2. Wages of the Estate worker	18
1.10.3. Production of Synthetic Rubber	18

1. INTRODUCTION

In 1876, Sir Henry Wickham, at the request of the India Office, collected and shipped from Brazil 70,000 seeds from the wild rubber tree. These were rushed to Kew Gardens in London and planted in specially prepared hot-houses. The small number, which survived, was taken in 1877 to Ceylon and later to Malaysia and other countries of South-east Asia. Today Malaysia, Indonesia, and Thailand are the major producers of natural rubber, producing around 90% of the world's natural rubber.

The rubber tree quickly flourished in Malaysia; large areas of jungle were cut down and planted with rubber trees. Henry Nicholas Ridley, who was appointed Director of the Singapore botanic gardens in 1888, was one of the pioneers of those times and did perhaps more than anybody to encourage planting of this new crop.

By the end of the nineteenth century there were 2500 hectares of rubber in Asia. Shortly afterwards Henry Ford started making his famous motorcar and the demand for rubber – to make tyres – rocketed. The trees in the South American jungle could not possibly produce enough rubber and so the new plantations of Asia found that the world wanted all the rubber they could produce, and more. By 1910 there were ½ million hectares of rubber planted and the countries of Asia had now become the main suppliers of rubber.

The rubber tree has an economic life cycle of 30-40 years. This can be divided into two main phases, the immature period of five years (previously seven years) from planting to tapping, and the mature period during which the trees are tapped. Although the soil management during these two phases is much the same, there are marked differences in their fertilizer management.