



UNIVERSITI TEKNOLOGI MARA

THE DETERMINATION OF UNEMPLOYMENT RATE IN MALAYSIA

NURFITRAH AYU BINTI CHE

2013741243

BACHELOR OF BUSINESS ADMINISTRATION

WITH HONOURS (BUSINESS ECONOMIC)

UNIVERSITI TEKNOLOGI MARA

KOTA BHARU

JULY 2016

LETTER OF TRANSMITTAL

21st June 2016

Head of Program

Bachelor of Business Administration (Hons) Business Economics

Faculty Of Business Management

Universiti Teknologi MARA (UiTM)

15050 Kota Bharu, Kelantan

Dear Madam,

SUBMISSION OF PROJECT PAPER

Attached is the Business Economics Project title “**THE DETERMINATION OF UNEMPLOYMENT RATE IN MALAYSIA**” in order to fulfil the requirement as required by the faculty of Business Management.

Thank you,

Your sincerely,

(NURFITRAH AYU BT CHE RUKMAN)

2013741243

Bachelor of Business Administration (hons) (Business Economics)

ACKNOWLEDGEMENT

First and foremost I would like to thank Allah for a smooth and successful process of preparing this Final Year Project report The Determination of Unemployment Rate in Malaysia.

Secondly, I would like to express my sincere gratitude to my supervisors Madam Norsilawati Bt. Mohd Hassan and Prof Madya Dr Haji Mohamad Safri Ya who had given a lot of guidance, gives advice, shared knowledge throughout the period of my case study and report writing. Without attention from my supervisors, this report would not be successfully completed.

Other than that, thanks also to all my friends for gives a lot of idea, information and co-operation in helping me to complete my final year project study.

In addition, million thanks to my beloved family who gives continuous support, encourage and understanding my situation all the time. Last but not least, to those who are not mentioned in this acknowledgement thank for your effort and help. I believe that, I would not have an opportunity to complete my Final Year Project report without support and encouragements from all of you.

TABLE OF CONTENTS

	Page
TITLE PAGE	i
LETTER OF DECLARATION	ii
LETTER OF TRANSMITTAL	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENTS	v
LIST OF FIGURE	ix
LIST OF TABLES	x
ABSTRACT	xi
CHAPTER 1 INTRODUCTION	
1.1 Background of Study	1
1.2 Problem statement	4
1.3 Research objectives	7
1.4 Research question	8
1.5 Theoretical framework	8
1.6 Hypothesis	9
1.7 Significant Of Study	10
1.8 Definition of term	11
1.8 Limitation of study	13
1.9 Scope of study	13

ABSTRACT

The reason why this study is conducted is because unemployment gives a lot of harmful effect to the country and society. The economy also suffers if the unemployment rate increases. As more people become unemployed, government expenditure continues to grow which increases government borrowing. The objectives of this study are to determine the relationship between independent and the dependent variable, to identify the variables that give the most impact to the dependent variable and to analyze the significance of the independent variables and dependent variable. The topics selected were entitled as "The Determination of Unemployment Rate". In this study, the time series used over 30 years data period. The data was collected from Department of Statistics Malaysia (DOS).

The results from the various analyses done showed that there is a negative relationship between real gross domestic product and rate of unemployment while population and inflation showed positive relationship. Multiple regression method used resulting that the most influenced independent variables is population due to the largest number of coefficient value. Only the population and inflation are significantly influenced the rate of unemployment in Malaysia. Meanwhile, real gross domestic product does not significantly affect the rate of unemployment in Malaysia. But then, this model still can be accepted because the high value of F-statistic. Furthermore, the study fulfills the objective of this project paper which is to identify the factors that influence the rate of unemployment in Malaysia.