



اَوْدِفُوْرِيْتِيْ بِدِكُوْ لُوْكُوْ فَايْرِيْ

**UNIVERSITI TEKNOLOGI MARA
CAWANGAN KELANTAN**

FACTORS AFFECTING GROSS DOMESTIC PRODUCT: A STUDY IN MALAYSIA

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JUNE 2013



اَللّٰهُمَّ صَلِّ وَسَلِّمْ وَبَارِكْ عَلَىٰ سَائِرِ الْمُرْسَلِيْنَ

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DECLARATION OF ORIGINAL WORK

I declared that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA (UiTM). It is original and the result is on my own study, unless otherwise indicated or acknowledged as referenced work. The topic has not been submitted to any other academic institutions or non- academic institutions for any other degree or qualifications.

In the event that my thesis be found to violate the conditions mentioned above, I voluntarily waive the right of conferment of my degree and agree be subjected to the disciplinary rules and regulations of Universiti Teknologi MARA (UiTM).

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LETTER OF TRANSMITTAL

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Dear Sir,

SUBMISSION OF FINANCE PROJECT PAPER

Attached is the copy of Finance Project Paper entitled “Factors affecting Gross Domestic Product: A Study in Malaysia” to fulfill the requirement as needed by the faculty of Business Management, University Teknologi MARA (UiTM).

Thank you.

Yours faithfully,

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“IN THE NAME OF Allah the Most Gracious, the Most Merciful’

Praise to Allah S.W.T. the Lord of the universe, for His wisdom, strength and a blessing that has made me able to complete this project paper. Peace and blessings of Allah be upon His Messenger, Muhammad S.A.W.

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ABSTRACT

This study is undertaken to examine the relationship between foreign direct investment (FDI), unemployment, inflation and economic growth by using time series data on Malaysia (for 19 years). The objective of this study is to identify whether these factors affect the economic growth in Malaysia. All the data used is in quarterly basis ranged from the year 1994 to year 2012. The method used is Multiple Linear Regression Analysis in order to determine the relationship between the three variables. Thus, the major findings of this study indicate that foreign direct investment is the only variables associated withn the economic growth in Malaysia. Meanwhile, unemployment and inflation had shown insignificant relationship with the economic growth. These findings suggest that the government should take into account that foreign direct investment had given a big impact in determining the economic growth in Malaysia and do take corrective actions in achieving vision 2020.

Keywords: Gross Domestic Product, Economic Growth, Foreign Direct Investment, unemployment rate, inflation.