THE IMPACT OF MACROECONOMIC VARIABLES
TOWARD UNEMPLOMENT RATE IN DEVELOPING COUNTRIES

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DECLARATION OF ORIGINAL WORK

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- This work has not previously been accepted in substance for any degree, locally or overseas, and is not being concurrently submitted for this degree or any degrees.

- This project paper is the result of my independent work and investigation, except where otherwise stated.

- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

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ABSTRACT

The research's main objective is to measure the significant impact of macroeconomic variables toward unemployment rate in developing countries. The method that researcher used to conduct for this project paper is Breusch Pagan and Lagrangian Multiplier (BPLM) test and the result is pooled by Ordinary Least Squares (OLS). Besides, this project paper also were conducted based on panel data starting from 2007 until 2017 period of time which is 11 years with 10 selected developing countries which includes Bangladesh, India, Indonesia, Malaysia, Nigeria, Philippines, Pakistan, Sri Lanka, Vietnam and Thailand which were collected from secondary data which is World Bank Indicators.

The empirical result and finding revealed that there is positive and negative impact of macroeconomic variables toward unemployment rate in developing countries. The results confirms that population, gross domestic product and inflation show a negatively on unemployment rate in developing countries, while only for labor force rate has inverse effect on unemployment where it show positively. It can conclude that, the result shows only for labor force rate is significant and other variables are insignificant.

Keywords: unemployment rate, population, gross domestic product, labor force rate, inflation and breusch pagan and lagrangian multiplier (BPLM) test.