



**CARBON DIOXIDE EMISSIONS EFFECTS ON ECONOMIC GROWTH, MARKET  
OPENNESS AND FINANCIAL DEVELOPMENT IN MALAYSIA**

**ADRIEL WINSON**

**2017275612**

**BACHELOR OF BUSINESS ADMINISTRATION WITH HONOURS**

**(BUSINESS ECONOMICS)**

**FACULTY OF BUSINESS MANAGEMENT**

**UNIVERSITI TEKNOLOGI MARA**

**KAMPUS KOTA KINABALU**

**JULY 2020**

**DECLARATION OF ORIGINAL WORK**



**BACHELOR OF BUSINESS ADMINISTRATION (HONS) IN BUSINESS  
ECONOMICS**

**FACULTY OF BUSINESS MANAGEMENT/BUSINESS ADMINISTRATION**

**“DECLARATION OF ORIGINAL WORK”**

I, ADRIEL WINSON (I/C Number: 940426125629)

Hereby, declare that:

- This work has not previously been accepted in substance for any degree, locally or overseas, and is not being concurrently submitted for this degree any other degrees.
- This project-paper is the result of my independent works and investigation, except where otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: .....

Date:

<b>TABLES OF CONTENT</b>	<b>Page</b>
Title Page.....	<b>I - II</b>
Declaration Of Original Work.....	<b>III</b>
Acknowledgement.....	<b>IV</b>
Table of Content.....	<b>V-VIII</b>
Abstract.....	<b>IX</b>
<b>List of Figure and Diagram</b>	
Figure 1: Carbon Dioxide Emission.....	<b>2</b>
Figure 2: Economic Growth.....	<b>3</b>
Figure 3: Market Openness.....	<b>4</b>
Figure 4: Financial Development .....	<b>5</b>
Figure 5: Negative and Positive Externalities.....	<b>14</b>
Figure 6: Conceptual Framework.....	<b>20</b>
Table 1: Measurement and Source.....	<b>26</b>
Figure 7: Flows of Data Processing.....	<b>27</b>
Table 2: VIF's Guides.....	<b>32</b>
Figure 8: Research Flow.....	<b>35</b>
Table 3: Result of Unit Root Test.....	<b>37</b>
Table 4: Descriptive Statistic.....	<b>38</b>
Table 5: OLS Result.....	<b>40</b>
Table 6: VIF result.....	<b>46</b>
Table 7: Breusch-Godfrey Serial Correlation LM Test.....	<b>47</b>
Table 8: New Ordinary Least Square.....	<b>48</b>
Table 9: New Breusch-Godfrey Serial Correlation LM Test.....	<b>49</b>

## **Chapter 1: Introduction**

Introduction.....	1
<b>1.0</b> Background of Studies.....	<b>1 - 6</b>
<b>1.1</b> Problem Statement.....	<b>7 - 8</b>
<b>1.2</b> Research Objective and Question.....	<b>9</b>
<b>1.2.1</b> Specific Objectives.....	<b>9</b>
<b>1.3</b> Research Question.....	<b>10</b>
<b>1.4</b> Scope and Limitation Research.....	<b>11</b>
<b>1.4.1</b> Scope of Study.....	<b>10</b>
<b>1.4.2</b> Limitation of Study.....	<b>10</b>
<b>1.5</b> Significant of Study.....	<b>12</b>
Chapter Summary.....	<b>12</b>

## **Chapter 2: Literature Review**

Introduction.....	13
<b>2.0</b> Theoretical Background.....	<b>13</b>
<b>2.0.1</b> The Environmental Kuznets Curve.....	<b>13</b>
<b>2.0.2</b> Externalities.....	<b>14</b>
<b>2.1</b> Literature Review.....	<b>15</b>
2.1.1 Economic Growth and Carbon Dioxide Emission.....	<b>15-16</b>
2.1.2 Carbon Dioxide Emission and Financial Development.....	<b>17-18</b>
2.1.3 Carbon Dioxide Emission and Market Openness.....	<b>19</b>
<b>2.2</b> Conceptual Framework.....	<b>20</b>
<b>2.3</b> Hypothesis Statement.....	<b>21</b>
Chapter Summary.....	<b>22</b>

## **ABSTRACT**

The aim of the studies is to study the relationship between the selected economic indicator and the significant or insignificant emission of carbon dioxide in Malaysia with a period between 1975 to 2014 of 40 years. This study uses time series with selected and appropriate estimates. Based on the results and using adequate data analysis and data regression, all the used variables are positive and significant in relationships with economic growth, financial development and market openness with carbon dioxide emissions in Malaysia.