

UNIVERSITI TEKNOLOGI MARA

**THE DETERMINANTS OF
ECONOMIC GROWTH IN
MALAYSIA**

**MOHAMAD SHAHRIL AZRIN BIN
SAPLAN
2014343243**

**BBA (Hons) Business Administration
Finance**

December 2017

UNIVERSITI TEKNOLOGI MARA

**THE DETERMINANTS OF
ECONOMIC GROWTH IN
MALAYSIA**

**MOHAMAD SHAHRIL AZRIN BIN SAPIAN
2014343243**

Thesis submitted in fulfillment
of the requirements for the degree of
**Bachelor of Business Administration
(Finance)**


Faculty of Business Administration

December 2017

AUTHOR'S DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA, Johor Branch, Segamat Campus. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Undergraduate, Universiti Teknologi MARA, Johor Branch, Segamat Campus, regulating the conduct of my study and research.

Name of Student : Mohamad Shahril Azrin Bin Sopian
Student I.D. No. : 2014343243
Programme : Bachelor of Business Administration (Hons) Finance
Faculty : Business and Management
Thesis : The Determinants of Economic Growth in Malaysia
Signature of Student :
Date : 21 December 2017

ABSTRACT

Malaysia has showed a tremendous growth of export in the last 4 decades. It has influenced the increase in economic growth during the period. Undoubtedly, it has become a major contribution to national income. In order to maintain its economic growth, Malaysia has managed to maintain a positive trade balance, exporting more goods than it imports except in 1982, 1991 and 1994 – 1997. The aim of this study is to investigate the performance of economic growth in Malaysia since year 1981 until year 2016 and to determine the main factors of economic growth in Malaysia. The data is obtain from World Bank Indicator during 35 years period. The dependent variables for this study is Gross Domestic Product (GDP) is used to measure the performance of economic growth. The independent variables are government expenditure, population, exchange rate, foreign domestic investment and export. This paper using Econometric Views 9 (Eviews 9) to interpret the data by using several analysis tools which are Variance Inflation Factors (VIF) to check whether there are any correlation between each of the independent variable. Other than that, this paper also use the White Test, to determine the variance error term is consistent. The exchange rate have negative while foreign direct investment have positive relationship with gross domestic product.

TABLE OF CONTENTS

AUTHOR'S DECLARATION	ii
ABSTRACT	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENTS	v
LIST OF TABLES	viii
LIST OF FIGURES	ix
LIST OF SYMBOLS	x
LIST OF ABBREVIATIONS	xi
CHAPTER ONE INTRODUCTION	1
1.1 Introduction	1
1.2 Research Background	1
1.3 Problem Statement	4
1.4 Research Questions	6
1.5 Research Objectives	6
1.6 Significance of the Study	7
1.7 Scope of the Study	8
1.8 Limitation of Study	8
1.9 Definition of terms	9
1.9.1 Economic Growth	9
1.9.2 Government Expenditure	9
1.9.3 Population	9
1.9.4 Exchange Rate	9
1.9.5 Foreign Direct Investment	9
1.9.6 Export	10
1.10 Summary	10
CHAPTER TWO LITERATURE REVIEW	11
2.1 Introduction	11
2.2 Review of the Literature	11