



**MACROECONOMIC DETERMINANTS OF
FOREIGN LABOUR FORCE IN MALAYSIA**

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ABSTRACT

This research aims to investigate the macroeconomic determinants affecting the foreign labour force (FL) in Malaysia. The four selected macroeconomic determinants are unemployment rate (UNEMP), gross domestic product (GDP), exchange rate (EXR), and labour productivity (LPY). The theoretical framework has led the research towards answering the research questions. The secondary data have been gathered through the World Bank's World Development Indicators, Statista Logo, and Quandl. This research covered 18 years which commencing from the year 2001 to 2018 with several test such as descriptive analysis, normality analysis, correlation analysis, autocorrelation test, heteroscedasticity test, test on functional form, and multiple linear regression. The multiple linear regression tests have been undertaken, and the analyses of the findings have been discussed through regression analyses. Through the analysis, GDP and LPY show a strong positive relationship with FL while UNEMP and EXR show the negative relationship with FL, respectively. From this finding, it can benefit towards future researchers which reference sources will help them in the progress because they would have the information from this study and use it in their future research to further support their views and judgements. Also, the finding of this study will benefit to the government if there any macroeconomic factor affects the inflow of foreign labour in Malaysia. This research also includes a more thorough discussion of how exchange rates can directly influence the inflow of foreign labour into Malaysia. Besides, it can provide guidance and reference to local and foreign policymakers when considering the types of policy to be implemented depending on the needs of their country. Business or private sectors could consider the decision whether they will hire foreign workers or not by finding of this research. It can provide them with guidance and reference to know the impact of hiring foreign workers for their organisation.

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TABLE OF CONTENT

	Pages
AUTHOR'S DECLARATION	ii
LETTER OF SUBMISSION	iii
ABSTRACT	iv
ACKNOWLEDGEMENT	v
TABLE OF CONTENT	vi
LIST OF TABLES	x
LIST OF FIGURES	xi
LIST OF APPENDICES	xii
LIST OF SYMBOLS	xiii
LIST OF ABBREVIATIONS	xiv
CHAPTER ONE INTRODUCTION	1
1.1 Introduction	1
1.2 Categories of Foreign Labour Force	1
1.2.1 Skilled Foreign Labour	1
1.2.2 Unskilled Foreign Labour	2
1.3 Factor of Hiring Foreign Labour	3
1.4 Positive Effect of Hiring Foreign Labour	4
1.5 Negative Effect of Hiring Foreign Labour	5
1.6 Research Background	7
1.6.1 Overview of Unemployment Rate	11
1.6.2 Overview of Exchange Rate	13
1.6.3 Overview of Gross Domestic Product (GDP)	15
1.6.4 Overview of Labour Productivity	16
1.7 Problem Statement	17
1.8 Research Question	18
1.8.1 Main Research Question	19
1.8.2 Specific Research Question	19
1.9 Research Objective	19
1.9.1 Main Research Objective	19
1.9.2 Specific Research Objective	19

1.10	Significance of Study	20
1.10.1	Researcher	20
1.10.2	Government or Policymakers	20
1.10.3	Business or Private Sector	20
1.11	Scope of Study	20
1.12	Limitation of The Study	21
1.13	Definition of Key Terms	21
1.13.1	Foreign Labour	21
1.13.2	Unemployment Rate	21
1.13.3	Gross Domestic Product	21
1.13.4	Exchange Rate	22
1.13.5	Labour Productivity	22
1.14	Summary	22
 CHAPTER TWO LITERATURE REVIEW		23
2.1	Introduction	23
2.2	Dependent Variable	23
2.2.1	Foreign Labour	23
2.3	Independent Variable	25
2.3.1	Unemployment Rate	25
2.3.2	Gross Domestic Product Per Capita	27
2.3.3	Exchange Rate	28
2.3.4	Labour Productivity	31
2.4	Research Framework	33
2.5	Summary	33
 CHAPTER THREE RESEARCH METHODOLOGY		34
3.1	Introduction	34
3.2	Data Collection	34
3.2.1	Secondary Data	34
3.3	Research Design	35
3.4	Variables	35
3.4.1	Dependent Variable	35