



UNIVERSITI TEKNOLOGI MARA

**FACTORS THAT AFFECT
GOVERNMENT EXPENDITURE
IN
MALAYSIA**

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AUTHOR'S DECLARATION

I declare that the work in this final year project paper was carried out in accordance with the regulations of Universiti Teknologi MARA. 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, regulating the conduct of my study and research.


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ABSTRACT

In the economy, there are several factors that have been recognised by researchers which affect the government expenditure in a country. This project paper focuses only the country Malaysia and its purpose is to examine and identify the factors that influences government expenditure using time series data. The method used for this project paper is the ordinary Least Square (OLS) method and the factors that were used are tax revenue, trade openness, government debt and employment as the independent variables that affect government expenditure. The observation is amounted to 32 observations taken from 1st quarter of 2010 until 4th quarter of 2017. The result shows that all the independent variables are significant to the government expenditure. Tax revenue, trade openness and government debt show positive relationship while employment shows negative relationship. All the data is obtained from trading economies website, articles from ministry of Finance and the website department of statistics. This proposal of project paper contains 5 sections: Section 1 explains about the government expenditure while Section 2 is on the literature review of the variables used. Section 3 explains about the research methodology used for the project paper while Section 4 discusses the result of tests conducted. Section 5 explains the recommendation and conclusion of this study.

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