



**DETERMINANTS OF ECONOMIC GROWTH
IN MALAYSIA**

**SITI KHADIJAH BINTI MD NOOR
2011383519**

**BACHELOR OF BUSINESS ADMINISTRATION
(HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
JOHOR.**

DECEMBER 2014

TABLE OF CONTENTS

ACKNOWLEDGEMENT.....	viii
ABSTRACT.....	ix
CHAPTER ONE: INTRODUCTION.....	1
1.1 INTRODUCTION.....	1
1.2 BACKGROUND OF STUDY	2
1.3 PROBLEM STATEMENTS.....	4
1.4 RESEARCH QUESTIONS	6
1.4.1 Main Research Question.....	6
1.4.2 Specific Research Question	6
1.5 RESEARCH OBJECTIVES	6
1.5.1 Main Research Objectives	6
1.5.2. Specific Research Objectives.....	7
1.6 SIGNIFICANCE OF STUDY	7
1.6.1 The Researcher.....	7
1.6.2 The Government	7
1.6.3 The Public.....	8
1.7 LIMITATIONS OF THE STUDY	8
1.7.1 Time constraint and duration of the study	8
1.7.2 Lack of Experience.....	9
1.8 DEFINITION OF TERM	9
1.8.1 Foreign Direct Investment	9
1.8.1 Household Consumption	9
1.8.2. Government Expenditure.....	10
1.8.4 Exports of Goods and Services	10
1.9 SUMMARY.....	11
CHAPTER TWO: LITERATURE REVIEW	12
2.1 INTRODUCTION.....	12
2.2 MALAYSIA ECONOMY	12
2.3 COMPARISON OF ECONOMY (SINGAPORE AND THAILAND)	13

2.3.1 Economy of Singapore	13
2.3.2 Economy of Thailand	14
2.4 FOREIGN DIRECT INVESTMENT.....	15
2.4.1 Relationship between Foreign Direct Investment and GDP in Malaysia	15
2.5 HOUSEHOLD CONSUMPTION	18
2.5.1 Relationship between Household Consumption and GDP in Malaysia	19
2.6 Government Expenditure.....	20
2.7 EXPORTS OF GOODS AND SERVICES	22
2.7.1 Relationship between Export of Goods and Services and GDP in Malaysia.....	22
2.8 SUMMARY.....	25
CHAPTER THREE: RESEARCH METHODOLOGY	26
3.1 INTRODUCTION.....	26
3.2 DATA COLLECTION	26
3.2.1 Electronic sources.....	26
3.2.2 Journals and articles	27
3.2.3 Internet.....	27
3.3 VARIABLES	27
3.3.1 Dependent Variable	27
3.3.2 Independent Variable.....	28
3.4 RESEARCH DESIGN	28
3.4.1 Purpose of Study	28
3.4.2 Type of Investigation.....	29
3.4.3 Research Interference	29
3.4.4 Study Setting.....	29
3.4.5 Unit of Analysis.....	29
3.4.6 Time Horizon	29
3.5 RESEARCH FRAMEWORK AND HYPOTHESIS	30
3.5.1 Theoretical Framework.....	30
3.5.2 Hypothesis.....	30
3.6 SAMPLING DESIGN.....	32
3.6.1 Target Population- Gross Domestic Product	32

ACKNOWLEDGEMENT

I am very grateful to be able to prepare this research successfully. I would never have been able to finish research without the guidance from the lecturer, help from friends and support from our family. I am thankful to Allah for answering my prayers for giving me strength plod on despite my constitution wanting to give up and throw in the towel.

I would like to express my highest appreciation and thankfulness to my advisor, Prof. Madya Noor Izah binti Ismail and Prof. Madya Shukri bin Shamsuddin for their excellent guidance, caring, patience and providing me with an excellent atmosphere during my research.

Big thank to my JBM 222 6A members who always shared opinions and experience with me. I also would like to acknowledge to the parties that helping me in preparing this research either directly or indirectly.

Last but not least, special thank for my parents and family who always support and advices. Without their encouragement, I would not have to finish this research paper.

Siti Khadijah binti Md Noor

2011383519

ABSTRACT

The changes in Gross Domestic Products in Malaysia have attracted our attention and it is believed to be the most studied construct in finance. Gross Domestic Products is one of the key indicators of the economic stability. The GDP growth rate is the most important indicator of economic health. The GDP in Malaysia are kept fluctuated most of it was affected by several factors. Therefore, in this study we try to determine the factors that effecting economic growth (via Gross Domestic Products) in Malaysia. The objectives of this study are to measure the factors that affect gross domestic product in Malaysia and to identify the most important factors listed above such as household consumption, government expenditures, foreign direct investments, and exports of goods and services. This study required to balance the economic stability within the region so that the country does not have to experiences a financial problem.