



**UNIVERSITI TEKNOLOGI MARA**

**THE DETERMINANTS OF ECONOMIC GROWTH  
IN MALAYSIA**

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

**Faculty of Business and Management**

July 2017

## **ABSTRACT**

This paper aims to investigate the determinants of economic growth in Malaysia. This study will focus on one country which is Malaysia. The factors that may influence the economic growth in Malaysia will be observed closely. The dependent variable in this study is Malaysia's performance that will be measured by Growth Domestic Product. Five selected independent variables in this study are Consumption Expenditure Rate, Inflation Rate, Export Rate, Gross Domestic Saving Rate and Foreign Direct Investment Rate. The data from Malaysia are pooled for 36 years (1980-2015). The data can be obtained from World Bank, IMF sources and other sources. This study used quantitative secondary data which is multiple regression models represented by the ordinary least squares (OLS) as the technique to look at the determinants of economic growth in Malaysia. After doing the data analysis for the data collection, the findings for this research are consumption expenditure rate, export rate and foreign direct investment rate have a positive relationship with economic growth in Malaysia while Inflation Rate and Gross Domestic Saving have a negative relationship with economic growth in Malaysia.

## **ACKNOWLEDGEMENT**

First and foremost, I would like to say Alhamdulillah to Allah S.W.T. because I managed to finish the research on time. Next, I would like to say thank you to his beloved and wonderful family for giving support to me from the initial stage until the final stage of the research. It surely helps a lot in gaining motivation and prevent the researcher from become depress. Besides that, I also want to give gratitude of appreciation to both my beloved advisor Madam Zuraidah Binti Sipon and Sir Wan Muhd Faez Bin Wan Ibrahim for providing and giving a lot of guidance when doing this research. Her constructive comments and suggestions greatly assist in the successful completion of this project paper. Lastly, I would like to say thank you to all his friends for giving advice and teach me on things that I don't know and give some ideas to me in order to deliver a good research.

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# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 INTRODUCTION**

Chapter 1 is presenting the research overview which consist the subtopics of research background of Malaysia and its economic growth. Economic growth is the increase in the inflation that will adjusted market value of the goods and services produced by an economy over time. It is conventionally measured as the percent rate of increase in real gross domestic product, or real GDP. Since it comes to year 2017, every country is striving to achieve their goals and doing better in their economy. Economic growth has traditionally been attributed to the accumulation of human and physical capital and the increase in productivity arising from technological innovation. Before industrialization technological progress resulted in an increase in the population, which was kept in check by food supply and other resources, which acted to limit per capita income. The rapid economic growth that occurred during the Industrial Revolution was remarkable because it was in excess of population. Countries that industrialized eventually saw their population growth slow down. Same goes to Malaysia, that has it is owned development of economic growth.

So, in this research we are going to identify the determinants of economic that contributed to the development of economic growth in Malaysia.