



**FACTORS AFFECTING GROSS DOMESTIC PRODUCT IN MALAYSIA**

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**2015144577**

**BACHELOR OF BUSINESS ADMINISTRATION**

**WITH HONOURS (FINANCE)**

**FACULTY OF BUSINESS MANAGEMENT**

**UNIVERSITI TEKNOLOGI MARA**

**MALACCA CITY CAMPUS**

**JANUARY 2018**

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**Submitted in Partial Fulfilment of the  
Requirement for the  
Bachelor of Business Administration with Honours (Finance)**

**FACULTY OF BUSINESS MANAGEMENT**

**UNIVERSITI TEKNOLOGI MARA**

**MALACCA CITY CAMPUS**

**JANUARY 2018**

**DECLARATION OF ORIGINAL WORK**



**BACHELOR OF BUSINESS ADMINISTRATION WITH HONOURS (FINANCE)**

**FACULTY OF BUSINESS MANAGEMENT**

**UNIVERSITI TEKNOLOGI MARA**

**“DECLARATION OF ORIGINAL WORK”**

**I, Muhammad Azri Shahizan bin Mohd Zamhor, (950403-14-7373)**

**Hereby, declare that:**

- **This work has not previously been accepted in substance for any degree, locally or overseas, and is not being concurrently submitted for this degree or any other degrees.**
- **This project-paper is the result of my independent work and investigation, except where otherwise stated.**
- **All verbatim extracts have been distinguished by quotation marks and sources of my information has been specifically acknowledged.**

**Signature: \_\_\_\_\_**

**Date: \_\_\_\_\_**

**LETTER OF SUBMISSION**

**JANUARY 2018**

**Dr Abdul Rahim bin Ridzuan**

**Bachelor of Business Administration Hons (Finance)**

**Faculty of Business Management**

**Kampus Bandaraya Melaka**

**Universiti Teknologi MARA Melaka**

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**75300 Melaka Bandaraya Bersejarah**

**Dear Sir/Madam,**

**SUBMISSION OF FINAL PROJECT PAPER**

**Attached is the project paper title “FACTORS AFFECTING GROSS DOMESTIC PRODUCT IN MALAYSIA” to fulfil the requirement needed by the Faculty of Business Management, Universiti Teknologi MARA.**

**Thank You.**

**Yours Sincerely,**

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**MUHAMMAD AZRI SHAHIZAN BIN MOHD ZAMHOR**

**2015144577**

**Bachelor of Business Administration with Honours (Finance)**

## **ABSTRACT**

Gross Domestic Product (GDP) growth has always been treated as current issue that studied by many researchers. Inconsistency growth of GDP per capita within a country will lead to higher incidence of poverty as well as delay the progress in health, education, crime and eventually the economic growth. The factors towards GDP growth are relatively important to prevent the occurrence of socio-political instability. This paper investigates the relationship between Gross Domestic Product (GDP) growth and the other factors such as Credit to Private Sector (CPS), Domestic Investment (DI), Labour Force (LAB), Human Capital (HC) and Money Supply (MS) in Malaysia. Annual time series data for the 1970 to 2014 periods, the Autoregressive Distributed Lag (ARDL) and Unit Root Test such as Augmented Dickey Fuller (ADF) and Phillips Perron (PP) are used for the analysis. The results reveal that among the factors of DI, LAB, HC and MS have positive significant impact on GDP growth. However, CPS is the only variable that contributes significantly negative to GDP growth in Malaysia. Based on the result, it is recommended by sustaining the stability on money supply by implementing an appropriate monetary policy as it will directly impact the size and growth rate of the money supply, which impacts the interest rates in economy which able to enhance GDP growth, identify solutions for current economic problems.

Keyword: Gross Domestic Product, Credit to Private Sector, Domestic Investment, Labour Force, Human Capital, Money Supply, ARDL