

UNIVERSITI TEKNOLOGI MARA

THE IMPACT OF EMPLOYMENT, INFLATION, AND HEALTH EXPENDITURES
TOWARDS ECONOMIC GROWTH

NOR BAIZURA BINTI AB RAHMAN

2015269676

BACHELOR OF BUSINESS ADMINISTRATION WITH HONOURS (BUSINESS
ECONOMY) FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA

SABAH

DECEMBER 2017

Abstract

This study attempt to investigate the determinant of economic growth in a few selected develop countries. The dependent variable is economy growth(GDP) and the independent variables are health expenditure public (% of gdp), health expenditure private(% of gdp), employment to population ratio(%) and inflation.(gdp annual %). This study will involve selected 20 developed countries in period of 2007 to 2014. By using panel data analysis namely the OLS regression, Unit Root Test, Normality Test, OLS Result, and Diagnostic Check. This study have found a presence of significant, insignificant, positive and negative relationship between the dependent and independent variables. Employment and public health expenditures have significant impact towards economic growth while inflation and private economic growth have insignificant impact towards economic growth. Employment and inflation have positive relationship with economic growth while both health expenditures have negative relationship with economic growth.

Keywords: GDP, Health expenditure public, Health expenditure private, Employment and Inflation.

Acknowledgment

First and foremost, all praises given to Allah SWT Almighty for giving me strength to complete this research paper on time. Then, I would like to thank you both of my parents who is always support and encourage me in my process doing this research. Secondly, I would like to thank madam Rainah Ginsad as my advisor of this project paper who always taught and guide me in the making process of this research. Beside that, I would like to thank Dr Aziz bin Karia as my research subject lecturer who teaching research subject that give knowledge to me doing this project paper. Moreover, I would like to thank madam Hidayah Bt Mat Nor as my practical coordinator. Lastly, I would to thank my college friends who is always give help and taught me when I have problem with my research project paper.

TABLE OF CONTENT

Title	Pages
1.0 Introduction	6
1.1 Problem Statement	7
1.2 Research Objectives	8
1.3 Significance of research	8
1.4 Scope and limitation	9
1.5 Organization Of Thesis	9
2.0 Introduction	11
2.1 Theory related with this study	11
2.2 Literature review	13
2.3 Conceptual framework	15
2.3 Hypothesis	16
2.4 Research questions	18
3.0 Introduction	19
3.1 Data	19
3.2 Research Methodology	20
3.3 Empirical Model	21
3.4 Diagnostic Check	23
3.5 Research Flow	27
4.0 Introduction	29
4.1 Descriptive Statistic Result	29
4.2 The unit root tests	29
4.3 Poolability Test	31
4.4 OLS Result	31
4.5 Diagnostic check	35
5.0 Conclusion and Recommendation	39

CHAPTER 1

INTRODUCTION

1.0 Background of study

Economic growth can be defined as an increase in a country productive capacity. It is can be measured by comparing between national product (GNP) in a year with the GNP in the previous year. The principal causes of economic growth are increase in the capital stock, advances in the technology and improvement in the quality and level of literacy. There is several factor determinant or factor that can influence economic growth. Due the important of this subject, many studies has been conducted by researchers to investigated factors that influences economic growth in many different industry.

Inflation and employment are the factors that will give impact to economic growth. Inflation can be defined as the rate at which the general level of prices for goods and services is rising and, consequently, the purchasing power of currency is falling and employment is a relationship between two parties, usually based on a contract where work is paid for, where one party, which may be a corporation, for profit, not-for-profit organization, co-operative or other entity is the employer and the other is the employee.

There are also other factors that will give effect to the economic growth of a country which is factors like health expenditure public and private. Health development is the process of continuous, progressive advancement of the health status of individuals and groups in a population. (World Health Organization, 1998). In terms of health development, it presents a challenge for all nations. Health expenditure refers to the scientific advances that are important drivers of economic performance. The ability to create, distribute and exploit knowledge has become a major source of competitive advantage, wealth creation and improvements in the quality of life.