THE RELATIONSHIP BETWEEN POPULATION AND ECONOMIC GROWTH IN MALAYSIA.

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TABLE OF CONTENT **PAGE**

Acknowledgement iii
List Of Abbreviation iv
List Of Tables v
List Of Figures vi
Definition Of Term vii
Abstract viii

CHAPTERS

1. INTRODUCTION

1.1 Background 1
1.2 Problem statement 3
1.3 Objective 5
1.4 Significance Of study 6
1.5 Scope Of Study 8
1.6 Hypothesis 9
1.7 Limitations 10
1.8 Definition of Terms 12

2. LITERATURE REVIEW 13

2.1 Gross Domestics Product 13
2.3 Average Life Expectancy 14
2.2 Population 15

3. RESEARCH METHODOLOGY AND DESIGN 20

3.1 Theoritical Framework 20
3.2 Dependent Variables 21
3.3 Independent Variables 21
3.4 Data Collection Method 23
3.5 Sample Size 23
3.6 Data Processing and Analysis 23
3.7 Model Specification 24
3.8 Procedure For Data Analysis 25
3.9 Multiple Regression Analysis 26

4. ANALYSIS AND INTERPRETATION OF DATA 27

4.1 Trend Economic Growth 28
4.2 Summary Finding 29
4.3 Variables Relationship And Sign Expectation 32
4.4 R-squared And Ajusted R-squared Interpretation 33
4.5 t-statistic And F-statistics Interpretation 34

5. CONCLUSIONS AND RECOMMENDATIONS 37

5.1 Conclusions 37
5.2 Recommendations 38

BIBLOGRAPHY 39

APPENDICES

APPENDIX : Data on Dependent and Independent Variable

Regression Result from E-Views for simple regression

Regression Result from E-Views for multiple regression

ABSTRACT

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The number of Malaysia's population is increasing year by year. Besides, population has played an important role not only in stimulating the economic growth in Malaysia but also contributed significantly to the growth of certain sectors especially in the industrial and manufacturing sector that demand high labour.

Apart from that, a large population also provides a large domestic market for the economy. Moreover, population growth encourages competition, which induced technological advancements and innovations. The primary aim of this research is to identify the relationship between population and economic growth in Malaysia and this is done through reviewing the existing literature. Besides, the data is taken generally from the year 1980-2009. This study employs the Ordinary Least Square (OLS) method in order to examine the relationship between the population and economic growth.

The result of the ordinary least square (OLS) shows that the finding in this study strongly support the null hypothesis that there is a positive relationship between population and economic growth. Besides that, the result from the finding is consistent with Bilal Savas, who the evidence of a long-run relationship between population and real per capita income and provides strongs support for the hypothesis that population is driving growth. Overall, the relationship between population and economic growth is strong and positive in the CAEs over the period of the analysis.