OIL PALM PLANTATION IN MALAYSIA: A COBB-DOUGLAS PRODUCTION FUNCTION

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ABSTRACT

This paper attempts to discuss on the factor that affects production function in Malaysia plantation oil palm. All primary data are gathered from sources such as Malaysia Plantation Oil Berhad (MPOB) and Economy Planning Unit (EPU). It was taken based on yearly basis ranging from year 1982 to 2014. A rapid development economy in Malaysia is one of the factors that led to a higher demand for labor and capital in the industry. Productivity of a country plays an important role in determining economic growth. Besides, the study will also investigate the relationship between outputs and inputs in oil palm plantation. By using time series data for 33 years, researcher will be using a theory based on Cobb-Douglas Production function to derive the model specification in this study and Ordinary Least Square as estimation model to calculate the production function. The result from this study will show whether which factor has significant impact on oil palm plantation.

Keyword: factor, production function, plantation palm oil, Malaysia.