

## TABLE OF CONTENT

BACHELOR THESIS APPROVAL .....	ii
RESEARCH PAPER EXAMINATION APPROVAL .....	iii
CERTIFICATE OF ORIGINALITY .....	iv
ABSTRACT .....	v
ABSTRAK .....	vi
PREFACE .....	vii
TABLE OF CONTENT .....	ix
LIST OF FIGURES.....	xii
LIST OF TABLES.....	xiii
CHAPTER I BACKGROUND.....	1
1.1 Background.....	1
1.2 Research Problems.....	10
1.3 Research Objectives and Benefits.....	11
1.4 Writing Systematic.....	12
CHAPTER II THEORETICAL FRAMEWORK.....	14
2.1 Theoretical Basis.....	14
2.1.1 The Harrod Dommar Theory.....	14
2.1.2 The Solow-Swan Growth Theory .....	18
2.1.3 Endogenous Growth Theory .....	20
2.1.4 Financial System.....	22
2.1.5 Financial Sector Development.....	23
2.1.6 Supply Leading Phenomenon .....	25
2.1.7 Investment and Economic Growth.....	26
2.1.8 Human Capital and Economic Growth .....	26
2.2 Previous Studies.....	28
2.3 Theoretical Framework .....	36
2.4 Hypotheses.....	38
CHAPTER III RESEARCH METHODOLOGY .....	39
3.1 Research Variables and Variables Operational Definition .....	39

3.1.1 Economic Growth .....	39
3.1.2 Broad Money to GDP.....	40
3.1.3 Domestic Credit to Private Sector to GDP .....	40
3.1.4 Investment .....	40
3.1.5 Human Capital .....	41
3.2 Types and Sources of Data .....	41
3.3 Data Collection Method .....	41
3.4 Method of Analysis .....	42
3.4.1 Panel Data Analysis.....	42
3.4.2 Pooled Least Square.....	45
3.4.3 Fixed Effect Model .....	45
3.4.4 Random Effect Model .....	46
3.4.5 Model Specification Test.....	46
3.5 Classical Assumption Test.....	48
3.5.1 Normality Test.....	48
3.5.2 Multicollinearity Test .....	49
3.5.3 Heteroscedasticity Test.....	50
3.5.4 Autocorrelation Test .....	51
Table 3.1 Decision Making in Durbin – Watson Test .....	51
3.6 Hypothesis Testing .....	51
3.6.1 Simultaneous Significance Test .....	51
3.6.2 Partial Significance Test.....	52
3.7 Goodness of Fit ( $R^2$ ).....	54
CHAPTER IV Result and Analysis.....	55
4.1 Description of Research Object .....	55
4.1.1 Economic Growth in 7 ASEAN Countries.....	56
4.1.2 Broad Money to GDP in 7 ASEAN Countries.....	57
4.1.3 Domestic Credit to Private Sector to GDP in 7 ASEAN Countries .....	58
4.1.4 Investment in 7 ASEAN Countries .....	59
4.1.5 Human Capital in 7 ASEAN Countries.....	61
4.2 Data analysis .....	62

4.2.1 Best Regression Model .....	62
4.2.2 Classical Assumption Test.....	64
Figure 4.6 Normality Test .....	64
4.2.3 Regression Results .....	67
4.3 Results Discussion .....	70
4.3.1 Effect of Broad Money/GDP ratio on Economic Growth.....	70
4.3.2 The Effect of Domestic Credit to Private Ratio on Economic Growth	71
4.3.3 The Effect of Investment on Economic Growth .....	71
4.3.4 The Effect of Human Capital on Economic Growth.....	72
CHAPTER V CONCLUSION .....	74
5.1 Conclusion.....	74
5.2 Limitations .....	75
5.3 Policy Recommendation .....	75
REFERENCES.....	77
APPENDIX.....	80