

# **THE EFFECTS OF MACROECONOMIC AND DEMOGRAPHIC VARIABLES TOWARDS THE DEMAND FUNCTION OF SOCIETY'S CONSUMPTION ON MULTISECTORAL INDUSTRIES**

Surya Pratama<sup>1</sup>

---

## **ABSTRACT**

This study seeks to find the effects of macroeconomic and demographic variables towards the demand function of society's consumption on multisectoral industries for the period of 2008-2012. The macroeconomic variables include Gross Domestic Product (GDP) growth, inflation rate, interest rate, and exchange rate. However, due to multicollinearity issue, the variable of interest rate is excluded. Meanwhile, the demographic variables consist of population growth rate, dependency ratio, and unemployment rate. The society's consumption on multisectoral industries is measured by the revenues of companies in each industry. The categorization of the industry refers to Indonesia's Sector Indices.

This study relies on cross-sectional regression model of analysis, processed by SPSS Version 19. By employing 54 sampled companies, comprising 6 companies for 9 industries, it concludes that macroeconomic and demographic variables weakly influence the change on demand in multisectoral industries simultaneously since the multiple regression coefficients yielded in the regression models for nine sectors of industry are all below 40%. Meanwhile, macroeconomic and demographic variables individually have different effects towards the change on demand in multisectoral industries. Implication of the study and recommendation for further research are provided.

### **Keywords:**

Macroeconomic, demographic, GDP growth, inflation rate, exchange rate, population growth, dependency ratio, unemployment rate, multisectoral industries

---

<sup>1</sup> Undergraduate Student of Management Study Program at Universitas Bakrie