

**TABLE OF CONTENTS**

Title..... i

Declaration of Authenticity ..... ii

Attestation of Thesis ..... iii

Dedication ..... iv

Acknowledgment ..... v

Table of Contents ..... vi

List of Tables ..... ix

List of Figures ..... x

List of Appendices ..... xi

Abstract ..... xii

**CHAPTER I: INTRODUCTION**

    1.1. Background of the Study ..... 1

    1.2. Problem Formulations ..... 9

    1.3. Purpose of Research..... 9

    1.4. Benefits of Research ..... 9

    1.5. Writing System..... 10

**CHAPTER II: LITERATURE REVIEW**

    2.1. Literature Review..... 11

    2.2 Theoretical Framework ..... 21

        2.2.1 Theory of Economic Growth..... 21

        2.2.2 The Solow-Swan Growth Model..... 22

2.2.3 Harrod and Domar on Economic Growth.....	24
2.2.4 Economic Growth from Islamic Perspective.....	29
2.2.5 Islamic Bank .....	32
2.2.6 Gross Domestic Product.....	33
2.3 Research Hypothesis .....	34
<b>CHAPTER III: RESEARCH METHOD</b>	
3.1. Type and Method of Data Collection .....	35
3.2. Operational Definition of Variables .....	35
3.3. Analysis Method .....	36
3.3.1 Multiple Linear Regression .....	36
3.3.2 Statistical Analysis .....	37
3.3.2.1 Coefficient of Determination .....	37
3.3.2.2 F-test.....	37
3.3.2.3 t- Test.....	38
3.3.3 Classical Assumption Test.....	39
3.3.3.1 Normality Test.....	39
3.3.3.2 Multicollinearity Test .....	40
3.3.3.3 Heteroscedasticity Test .....	40
3.3.3.4 Autocorrelation Test.....	41
3.3.4 Unit Root Test.....	41
3.3.5 Error Correction Mechanism .....	41
<b>CHAPTER IV: DATA ANALYSIS AND DISCUSSION</b>	
4.1. Multiple Linear Regression .....	42

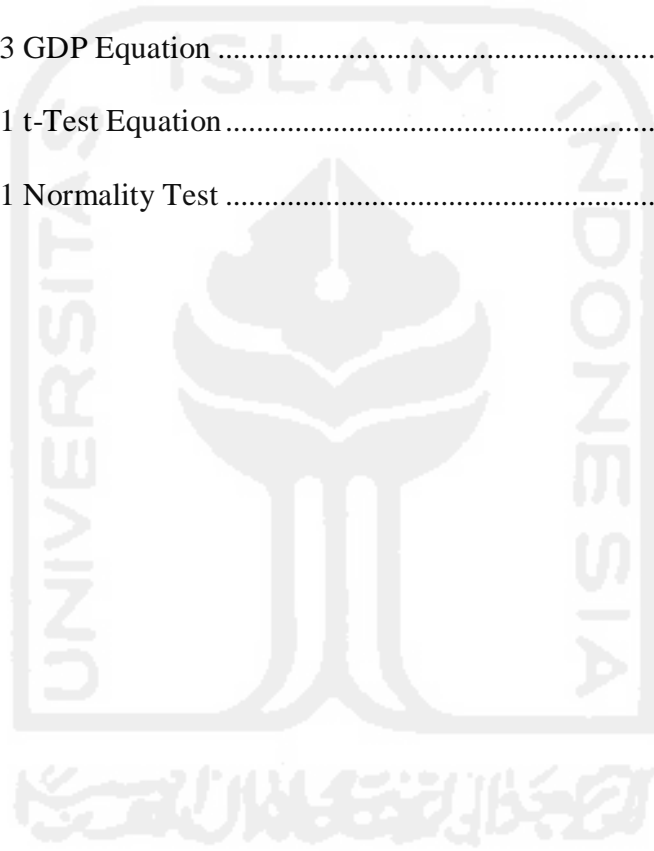
4.2 Normality Test.....	42
4.2.1 Multicollinearity Test.....	43
4.2.2 Heteroscedasticity Test.....	44
4.2.3 Autocorrelation Test.....	46
4.3 Statistical Analysis.....	46
4.3.1 Coefficient of Determination.....	46
4.3.2 F-test.....	47
4.3.3 t-Test.....	47
4.4 Unit Root Test.....	50
4.5 Error Correction Model.....	51
<b>CHAPTER V: CONCLUSIONS AND RECOMMENDATIONS</b>	
5.1 Conclusions.....	54
5.2 Recommendation.....	54
<b>REFERENCES.....</b>	<b>56</b>
<b>APPENDICES.....</b>	<b>58</b>

## LIST OF TABLES

Table 1.1 Comparisons of Islamic and Conventional Bank.....	2
Table 4.2.1 The Result of Multicollinearity Test.....	43
Table 4.2.2 The Result of Heteroscedasticity Test.....	44
Table 4.2.2.1 The Result of Log Linear Heteroscedasticity Test .....	44
Table 4.2.2.2 The Result of White Heteroscedasticity Test.....	45
Table 4.2.3 The Result of Autocorrelation Test .....	46
Table 4.3.1 The Result of Coefficient of Determination.....	47
Table 4.3.2 The Result of F-test .....	47
Table 4.3.3 The Regression Result from Eviews .....	48
Table 4.4 The Value of Probability of Unit Root Test .....	50
Table 4.5.1 The Result of Long-term Equation.....	51
Table 4.5.2 The Probability Value of RES .....	52
Table 4.5.3 The Result of Short-term Equation.....	52

## LIST OF DIAGRAMS

Diagram 1.1 Muslim Majority Countries .....	3
Diagram 1.2 Indonesia's Economic Indicator before Economic Crisis .....	5
Diagram 2.1 L-Shaped Production Function .....	26
Diagram 2.2 Factors of Economic Growth According to Islam .....	30
Diagram 2.3 GDP Equation .....	33
Diagram 3.1 t-Test Equation .....	39
Diagram 4.1 Normality Test .....	43



## LIST OF APPENDICES

Appendix 1: Variables Data .....	A1
Appendix 2: Regressions Results .....	A2

