

CHAPTER VI

CONCLUSIONS AND RECOMMENDATION

6.1 Conclusions

This research is aimed to analyze and to compare the effect of demographic dividend and ICT development in five most populous developing countries, which are India, Indonesia, Brazil, Pakistan, and Bangladesh. These countries are in the phase of declining dependency ratio and facing the rapid increase of working age population ratio. Besides that, these developing countries also show significant rise of ICT use which mostly driven by their young population. We need to see how the change of population age structure and the use of ICT effect the economic, and which one give better contribution. This thesis employs time series data from 2000 to 2016 for five selected developing countries.

Based on the empirical result, we take the conclusion that rather than becoming a bonus, demographic dividend in these countries tend to be a bane since it contributes negatively to GDP value. It is not a beneficial situation since these countries are given a bulge in quantity of labor. In contrast, ICT development, although is still categorized as a new invention, rose as a new bonus for economic since it has positive correlations with GDP. In detail, the conclusion of this research are listed below:

1. Demographic dividend in five selected countries do not stimulate higher GDP. The Share of Working Age Population (SWAP) has coefficient -

17.86037 while Total Dependency Ratio (TDR) has coefficient - 29.2935 . It implies that the increase of two variables will restrict the pace of Gross Domestic Product (GDP).

2. ICT development which is measured by Fixed Telephone Subscription (FTS), and Mobile Cellular Subscriptions (MCS) give positive contribution to GDP where the coefficient of the three variables are all positive with 0.015270 and 0.011531 respectively. It means, the use of three ICT indicators will stimulate higher GDP.
3. From point one and two, it can be seen that ICT development gives greater impact to economic. Moreover, the coefficient of determination from both factors also imply that ICT has stronger influence since its R-Squared is higher with 0.98, while the R-Squared of demographic dividend indicators is 0.8. It means the ICT variables influence GDP by 98%, and demographic dividend variables influence it by 80%, and the rest is influenced by other factor outside of the model.
4. Both factors give a reverse sign. The comparison between demographic dividend and ICT development is clear where ICT development contributes to the increase of GDP, while demographic dividend gives a reverse sign. It means ICT development generates benefit for economic, while demographic dividend restrict the economic. Rather than the quantity of human, the quantity of technological use has bigger potential to boost economic performance.

6.2 Recommendation

Based on the conclusions of this research, we propose some recommendation as follows,

1. Providing job training that help people to learn the new technology, new skills, and expertise.
2. Controlling population growth and anticipating the aging population. Both are important to accommodate dependency ratio.

3. Supporting and facilitating small and medium enterprises. This can be a solution to rise new job for labor supply.

4. Increase the investment on ICT because technology creates efficiency for economic. Telecommunication in particular has ease the economic process. It stimulates trade creation as the result of lower trade cost, the increase of information flows, and wider range of trade expansion. ICT can create new employment. ICT emerges new demand of expertise, opening a space for those who are mastering in ICT. The structural changed cause by the invention of ICT also contributes to the creation of employment opportunities. Another big impact of ICT is business creation. As we see today, there are a lot of services that can be delivered from any location and it gives more options for business. The scope of business becomes wider with many people involve in it. New technological based start-up arises. Product brand can have their own online application that help expand their business.