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AN EMPIRICAL STUDY ON THE RELATIONSHIP BETWEEN NET GROWTH OF NEW PRIVATE LIMITED COMPANY AND ECONOMIC FACTORS

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To my beloved husband whose words
of encouragement propelled me towards
the 'finale' in this academic pursuit.

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ABSTRACT

This study aims to investigate the relationship between the growth of private limited companies and economic factors such as interest rate, the rate of inflation, the co-operative income tax rate, the GDP growth rate and the unemployment rate during the last business cycle (1986 – 1996).

The results show that the net growth rate of new private limited companies is correlated positively with the GDP growth rate. However, it has a negative, albeit weak, correlation with the interest rate.

Economic factors such as the company income tax rate and the inflation rate do not exhibit any significant relationship with the net growth rate of private limited companies.

The study also shows that the net growth rate of private limited companies also goes through several "growth-decline" phases but it has a relatively shorter cycle compared to that of a business cycle.

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