

CHAPTER VI

CONCLUSION AND RECOMMENDATION

6.1. Conclusions

Based on empirical result of research discussed in the previous chapter, the main objective of this research is examining the effect of poverty, unemployment and economic growth on HDI in West Sumatra over the period 2011- 2014. In this thesis, the Panel Data with Ordinary Least Square (OLS) model is used to empirically test the effect of poverty, unemployment and economic growth on HDI in West Sumatra. From the analysis of data, the conclusions are as follows:

- Poverty will have a negative and significant impact on the level of 5% of the HDI in West Sumatra province, which means poverty is declining, the Human Development Index has increased. Based on the value of the coefficient is negative (-0.242), It can be concluded that if the poverty rate decreased by 1% will increase the Human Development Index Amounting to 0,242. Significance of poverty on the HDI variables are shown in a probability of 0.000 is significant at the 5% level. This means that poverty in West Sumatra period 2011-2014 had a significant effect on the human development index.
- Unemployment has a negative and significant impact on the level of 5% of the HDI in West Sumatra province, which means unemployment is decreasing the Human Development Index has increased. Based on the value of the coefficient is negative (-0.043), it can be concluded that if the unemployment rate decreased by 1% will increase the sum of the Human

Development Index of 0.043. Variable significance unemployment to IPM is shown on the probability of .0259 significant at level 5. This means that poverty in West Sumatra in 2011-2014 a significant effect on the human development index.

- Economic growth has a negative and significant impact on the level of 5% of the HDI in West Sumatra. This occurs because of the economic slowdown in West Sumatra caused by decrease in export growth. As we know that economic growth is usually a positive influence on the human development index, but because of a decline in economic growth during the period 2011-2014 led to a negative relationship between the two variable. Significance variable economic growth on the HDI is shown on the probability of 0.000 is significant at the 5% level. This means economic growth in West Sumatra to give any real effect on the human development index.
- Based on the test results F, poverty, unemployment, and economic growth together have a significant effect on economic growth.

6.2. The Recommendations

- To resolve poverty the government is expected to improve the quality of human resources through improved education, knowledge, insight, skill, mentality and morality for which the default is the global standard. And also through an increase in health and income. when it reached then automatically poverty will also be decreased.

- To overcome the problem of unemployment, the government can solve it by adding a field of work through cooperation with the private sector and communities to expand employment so that the unemployment issue can be resolved
- To encourage economic growth suggest to the government to improve the quality of export commodities to increase agricultural output. As we know, West Sumatra is the largest revenue from exports after domestic consumption. Also creates more interesting items with household consumption also increased.

