

CHAPTER VI

CONCLUSION AND RECOMMENDATION

6.1. Conclusion

This research analyze the effect of three independent variables, poverty, Gross Domestic Regional Product, and capital expenditure on dependent variable, Human Development Index in West Sumatera. This research has time period from 2011 until 2015. These are several conclusions from this research as follows:

1. The HDI in West Sumatera in the last 5 years has increased quite well, based on the average for the last 5 years, West Sumatra is included in the category of medium in Human Development Index with average of HDI is 68,88. From regression model testing can be calculated that the human development index in West Sumatera over period 2011-2015 is influenced by poverty, Gross Domestic Regional Product and capital expenditure about 99 percent. Other, 1 percent human development index is explained by other variables which aren't in the model.
2. Based on estimation result, the effect of GDRP and capital expenditure on HDI are positive and significant in West Sumatera. The increasing of Gross Domestic Regional Product indicates that the increase of income per capita so that purchasing power will increase and influence the level of HDI. Increased capital expenditure in each region each year indicates that infrastructure development is also improving or supporting infrastructure such as schools, hospitals, etc. This will have an impact on improving the Human Development Index. Based on estimation result, the effect of

poverty on Human Development Index is negative and significant. Decreasing the poverty level means that individual income increases so that it affects the level of fulfillment of life needs such as nutrition and education which impact on the improvement of Human Development Index. The low level of poverty makes the increase of Human Development Index in West Sumatra.

6.2. Recommendation

Based on the findings, it can be given the recommendations as follows:

1. The level of poverty per region is not evenly distributed so, central and local governments should pay more attention and further enhance poverty reduction programs, such as makes easier access in fulfill the basic needs for poor people, giving funds, stabilize the price of main commodities, and also provide the social protection for poor people.
2. The government needs to consider several factors that influence the improvement of human resources, such as in the quality of education. Among them is the equity in educational development, especially in areas with inadequate access to education. This can be done by channeling funds for education, development of educational facilities, as well as protect the public in order to be aware of the importance of education. The government needs to pay attention to things that affect the quality of healthcare. That is, with the development of physical fitness and non-physical. Physically is to improve and expand health care centers and non-physical is more to services such as counseling, or other health initiatives, as well as protect the society in order to realize the importance of health.

3. The government should undertake strict supervision of the allocation of capital expenditures for each region, to be used appropriately for infrastructure development purposes such as education and health facilities. Make the *priority setting* to set the priorities of development.
4. To improve the GDRP, government should doing some actions for example support the industrialization, improve the quality of export commodities, reducing the import comodities, improve skill and education of labour, giving chance to investor either foreign and domestic.

