

CHAPTER VI

CONCLUSION AND RECOMMENDATION

6.1 The Conclusion

This research analyzes the influence of the independent variables (government spending on education, government spending on health and poverty) on the dependent variable (human development index) in Indonesia during 2010-2016.

The conclusions are:

The government spending on education (EDU) has a negative and insignificant impact on the index of human development in Indonesia during 2010-2016. It is because the distribution of government spending in education is not evenly distributed. It has resulted in the relationship between government spending on education on indices of human development insignificant and negative. In order to increase human development index in Indonesia, the government should increase the government spending on education, because the HDI is one of the indicators in the development of the economy.

The government spending on health (HEALTH) has a positive and significant impact on the human development index in Indonesia 2010-2016, it means that every time the government increases the budget expenditure, especially in the health sector will increase the index of human development. Supported by the theory put forward by Suparmoko (2012) expenditure is an investment that can add strength and economic resilience in the future. Many expenditures are made by the government,

one of them is health expenditure. Then Jhinghan (2002) argued that health facilities and services generally defined include all expenditures that affect life expectancy, strength and stamina of energy and the vitality of the people. Meier, et al (Winarti, 2014), a nation should increase investment in education and health to achieve development.

The effect poverty (POV) on the human development index is a significant negative. It means that every increasing of poverty in Indonesia will decrease the human development index in its country. This study consists of Ranis (2004), if the poor earn higher incomes or in other words, a reduction in poverty levels, it will affect the improvement of human development through an increased share of household expenditure spent on food is more nutritious and higher education.

6.2 The Recommendation

Increased government spending in the education sector will improve the human development index; it is advisable for the government to continue to increase government spending in the education sector. Government expenditures allocated to the education sector are expected to improve or increase access and facilities in education, such as the development of educational infrastructure (schools) as well as the provision of assistance to poor communities in order to obtain free schools according to school compulsory age.

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.

Central and local governments should pay more attention and further enhance poverty reduction programs; both based social assistance such as education, healthcare, and food. Such as community-based institutional aspects and outreach. And based on the empowerment of small businesses that can be done by providing capital assistance or financing a micro scale, and improving skills and business management.

