

## CHAPTER VI

### CLOSING

#### 6.1. Conclusion

This research analyses the impact of Economic growth, Unemployment rate and Government expenditure on poverty in Indonesia Province. This research uses variable which is gross regional domestic product constant price, open unemployment rate, local government expenditure and percentage of poor people as poverty rate. This research has a time series data and cross-section from 2010-2016 and analyses the 33 provinces in Indonesia. So the conclusion of this research is:

1. The result of analysis the impact of economic growth on poverty rate shows that Economic Growth (ECG) has a significant effect on Poverty Rate (PVR). Mean that Economic Growth (ECG) has a correlation with Poverty Rate (PVR) province of Indonesia at 2010-2016 because statistically, the correlation is significant with probability (0,0000). Coefficient variable for -2.970510 explains that every increase of one percent Economic Growth (ECG) will decrease Poverty Rate (PVR) for -2.97 percent, mean that Economic Growth (ECG) has negative influence on Poverty Rate (PVR).
2. The result of analysis the impact of unemployment rate on poverty rate shows that Unemployment Rate (UER) has a significant effect on Poverty Rate (PVR). Mean that Unemployment Rate (UER) has a correlation with Poverty Rate (PVR) province of Indonesia at 2010-2016 because statistically, the correlation is significant with probability (0,0141). Coefficient variable for 0.483457 explains that every increase of one percent

of Unemployment Rate (UER) will increase PVR for 0.48 percent, mean that Unemployment Rate (UER) has positive influence on Poverty Rate (PVR).

3. The result of analysis the impact of government expenditure on poverty rate shows that Government Expenditure (GE) has a significant effect on Poverty Rate (PVR). Mean that Government Expenditure (GE) has a correlation with Poverty Rate (PVR) province of Indonesia at 2010-2016 because statistically, the correlation is significant with probability (0.0019). Coefficient variable for -0.706793 explains that every increase of one percent of Government Expenditure (GE) will decrease PVR for -0.70 percent, mean that Government Expenditure (GE) has negative influence on Poverty Rate (PVR).

## 6.2. Suggestion

The poverty rate in Indonesia need the right policies so that the level of poverty in Indonesia could be reduced. For that advice can be given to the Government are:

1. For Provincial governments should push the acceleration of the development and growth in strategic areas so that it can develop of backwardness area in surrounding. This effort can be done by the development of featured product areas, so the existence of coordination and cooperation between sectors, between Government, business, and society in increase economic growth and people's income and can reduce poverty.

2. The Government should expand employment opportunities by way of small and medium industry development and improve the quality of labor with conducting an internship project so labor becomes more skilled will help reduce unemployment then can reducing poverty.
3. To decrease Poverty by improving the standard of living can be done by providing government expenditure with give the direct cash assistance, services and goods or insurance for poor people.

