CHAPTER VI

CLOSING
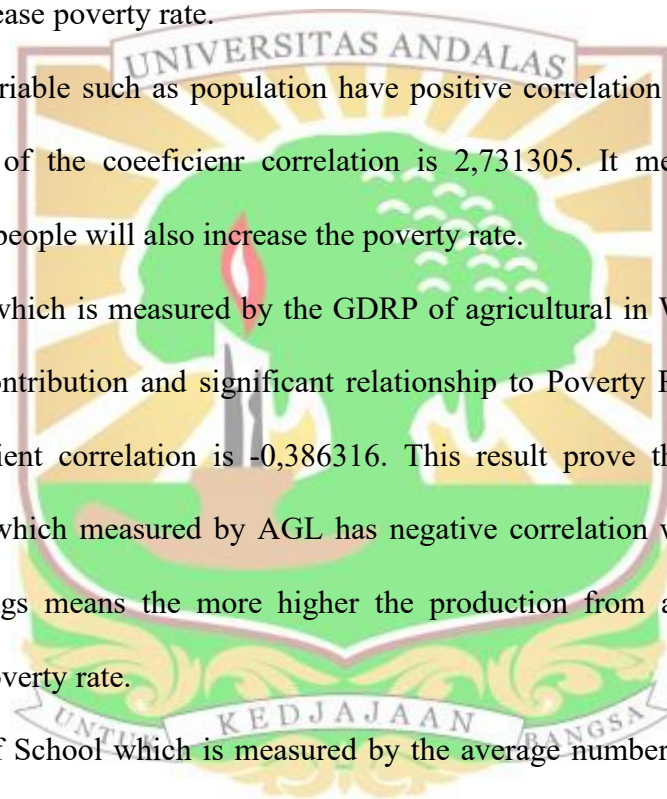
6.1 Conclusion

This research is to analyze the effect of Economic Growth, Expenditure Per Capita, Literacy Rate, Agrishare, and Duration of School to Povert Rate in West Sumatra and the variables has a negative correlation with Poverty Rate. Meanwhile, Population has a positive correlation with Poverty Rate. This research uses another variable which are Economic Growth, Expenditure Per Capita, Literacy Rate, Agrishare, and Duration of School. This research has a time series data from 2011-2015 and analyse the nineteen city or district in West Sumatra. So the conclusion of this research is :

a. From the result of the estimation. Economic Growth which measured by ECO has a negative correlation and significant relationship with Poverty Rate. The value of the coefficient correlation is -0,290410. This result prove the hypothesis that Economic Growth which measured by ECO has a negative correlation with Poverty Rate. This findings means the more higher the countries from practical of economics will increase the economic growth and the poverty rate will decrease. If the countries has a high practical of economic activity the Poverty Rate will be decrease and will be less attractive for the foreign investor to invest in the countries.

b. Literacy Rate which is measured by the number of people who can write and read give negative contribution and significant relationship to Poverty Rate. The value of the coefficient correlation is -3,8452523. This result prove the hypothesis that Literacy Rate which measured by LRE has negative correlation with Poverty

Rate. This findings means the more higher the countries from education indicator will decrease poverty rate.

c. Expenditure per Capita which is measured by the consumer price index give negative contribution and significant relationship to Poverty Rate. The value of the coefficient correlation is -1,227904. This result prove the hypothesis that Expenditure per Capita which measured by EPC has negative correlation with Poverty Rate. This findings means the more higher the consumption from people, it will decrease poverty rate.

d. Another variable such as population have positive correlation with poverty rate. The value of the coeeficienr correlation is 2,731305. It means increasing in number of people will also increase the poverty rate.

e. Agrishare which is measured by the GDRP of agricultural in West Sumatra give negative contribution and significant relationship to Poverty Rate. The value of the coefficient correlation is -0,386316. This result prove the hypothesis that Agrishare which measured by AGL has negative correlation with Poverty Rate. This findings means the more higher the production from agriculture, it will decrease poverty rate.

f. Duration of School which is measured by the average number of years spent by people aged 15 years and more give negative contribution and significant relationship to Poverty Rate. The value of the coefficient correlation is -2.303211. This result prove the hypothesis that Duration of School which measured by ADS has negative correlation with Poverty Rate. This findings means the more higher the education time spent from people, it will decrease poverty rate.

6.2 Suggestion

a. From the research result, it can be seen that Economic Growth, Expenditure per Capita, Literacy Rate, Population, Agrishare, and Duration of School variables influence poverty level, so the government should give more attention to those variables and can give the right policy in handling the problem of poverty.

b. One of the causes of high levels of poverty, due to insufficient incomes to meet minimum needs. In this study it is evident that per capita expenditure adjusted (as an approach of income) has a negative and significant effect on poverty levels. Therefore, the policy required is the economic policies that Pro Growth, Pro Job, Pro Poor and Pro Environment.Community income can be improved through inclusive, involving and beneficial development to all communities, especially the poor. If society's income continues to increase, the welfare of the community will also increase, which in turn will have an impact on increased public spending on education and health. With the increasing degree of education and health it is hoped that the population can be used as a reliable development capital.

c. Agrishare has a negative and significant effect on poverty, so it is expected the Indonesian government issued a policy of agricultural revitalization. Government programs in order to improve agrishare need to be intensified again, such as various research and development in agriculture through agricultural revitalization.

d. Government has planned poverty reduction programs covering various fields. Therefore, monitoring and evaluation by all stakeholders of poverty alleviation

is needed, to find out how far the impact of the program or activity that includes the benefits and targets of the program itself has been running.

e. Every region has characteristics and problems of poverty that are different from other regions. Therefore, regional poverty reduction strategies need to be adapted to the situation, condition and capability of each region.

f. Regulation of agricultural produce marketing board, intensive research and technological innovations, provision of credit facilities to farmers and provision of quality health care services.