

## CHAPTER VI

### CONCLUSIONS AND RECOMMENDATION

#### 6.1 Conclusion

The purpose of this study is to analyze the effect of urbanization on the economic growth around the world start from 2000-2012, this study come up with the positive effect of the urbanization to the economic growth, Since the theory also said that the positive effect between those two variables. According to the result of this research, this research positively following and support the urbanization theory. In detail, the conclusion of this research are listed below:

- a) The urbanization is significant can increase the economic growth with proofed by the positive correlation 0,049 on each increasing every unit urbanization will increase the Economic growth as much 0,049 Percent of economic growth. Second, The school enrolment is significantly stimulating the economic growth with proof by the positive correlation of 0.0155, every increasing the total number of people that finished the secondary school will increase the economic growth 0.0155 percent. Third, Productive age population also positively can stimulate economic growth, in increasing in people with productive age will increase the economic growth of 0.0656 percent. And the last, export significant to stimulate the economic growth since the probability is less than alpha with the positive correlations 0.0261
- b) And according to the 3 SLS regression shows that the urbanization significant influence the economic growth with positive correlation 2.192, implies that increasing one percent of urbanization would be decrease 2 percent of

economic growth. Then, from urbanization regression shows that all of the variables has positive significantly influence the urbanization. The urbanization in the developing countries are significant to influence the economic growth, means that the urbanization has a greater effect for those countries that in progress to engaging the economy or in the other words countries that on the process to achieve stable economic growth. The urbanization was significant after clustering the countries based on the income ant the result shows us income level of countries whether high or lower are not influence the effect of urbanization to the economic growth.

## 6.2 Recommendation

Based on the conclusions of this research, we propose some recommendation as follows:

- a) Since the result shows that the positive effects of urbanization, the most critical thinking that really interested to raise is how to control the urbanization flow between rural to urban. This is related to the benefit of urbanization, and how to keep it always giving the positive effect to the economic growth. Certainly, the government intervention is really important to restrain any negative effect that appear after urbanizing. And this responsibility should be taken by every government and stakeholders of countries that passing the urbanization phenomenon. The negative effect such as the dense population, cities traffic jump, and decreasing public infrastructure quality. Based on those negative effect the government should be rising the cities area, it could be done by emerging several small cities becomes new region. By cities emerging it can prevent the population inequality, and avoid the risk of awkward population.

- b) Maintaining the educational enrolment is really important in order to create better standard of national Human Developing Index (HDI). Specifically, for developing countries the rate of educational level should be equal between rural and urban. Many under and developing countries in the world still passing the lowest educational level in the urban area such as Nigeria, South Sudan, India, and many others under developing countries in Asia- Africa. According to the world data bank record, those countries has lowest percentage of school enrolment that only around 30-40 % percent. Simultaneously, the growth of those countries also in trouble. On another hand, several countries that actively increasing the educational level such as Indonesia, also passing better economic growth since positively increasing the rate of educational level. The key point is how to decrease the gap of educational maintaining between urban and rural, because of it will influence the socio-economic or rural and urban.
- c) Increasing the export goods production and increasing the investment for export supported industry also can stimulate the economic growth.
- d) Managing the productive age population by absorbing the population becomes the source of labor abundant efficiently also can growing up the economic growth by using the local resources that available in every country.

