



UNIVERSITAS ANDALAS

**THE EFFECT OF HUMAN CAPITAL AND GENDER DEVELOPMENT ON
ECONOMIC GROWTH: STUDY CASE WEST SUMATERA 2010-2022**

UNDERGRADUATE THESIS

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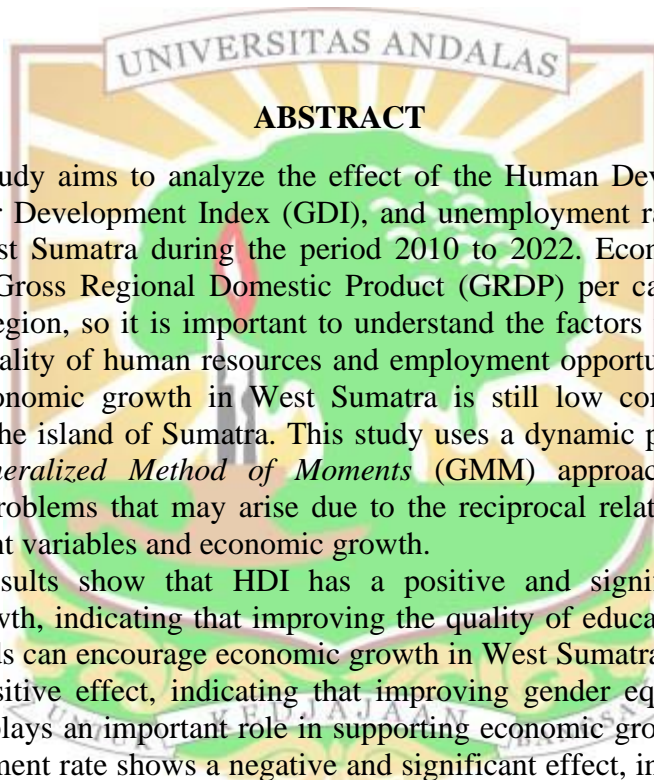
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ABSTRACT

This study aims to analyze the effect of the Human Development Index (HDI), Gender Development Index (GDI), and unemployment rate on economic growth in West Sumatra during the period 2010 to 2022. Economic growth as measured by Gross Regional Domestic Product (GRDP) per capita reflects the welfare of a region, so it is important to understand the factors that influence it, such as the quality of human resources and employment opportunities. Based on BPS data, economic growth in West Sumatra is still low compared to other provinces on the island of Sumatra. This study uses a dynamic panel data model with the *Generalized Method of Moments* (GMM) approach to overcome endogeneity problems that may arise due to the reciprocal relationship between the independent variables and economic growth.

The results show that HDI has a positive and significant effect on economic growth, indicating that improving the quality of education, health, and living standards can encourage economic growth in West Sumatra. GDI also has a significant positive effect, indicating that improving gender equality in human development plays an important role in supporting economic growth. In contrast, the unemployment rate shows a negative and significant effect, indicating that the high unemployment rate hinders regional economic growth.

Keywords: Human Development Index, Gender Development Index, Unemployment Rate, Economic Growth, GRDP Per Capita, Dynamic Panel Data, GMM, West Sumatera

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