

CHAPTER V

CONCLUSION AND RECOMMENDATION

5.1. Conclusion

Based on the results of the analysis on panel data in Papua Province from 2010-2023 in eight districts and one city, it can be concluded that the best model to see the relationship between human quality, unemployment, economic growth on poverty is the Panel Vector Error Correction (PVECM) model estimation, this study fulfills the requirements in using PVECM, namely stationary data at the first level, determining the optimal lag length using the first lag, data stability, cointegrated to see short-term and long-term relationships, granger causality to see relationship of each variables in two way or casual way, IRF and VD.

Human quality, unemployment, economic growth do not significantly affect poverty in the short term, but in the long term the relationship between human quality and poverty in the long term is negative and significant, if human quality increases by 1 unit it will reduce poverty by 14.59%, while unemployment and poverty have a negative and significant effect, if unemployment increases by 1 unit then poverty will decrease by 2.071% in the long term, and the relationship between economic growth and poverty is positive and significant, which means that if economic growth increases by 1 unit it will increase poverty by 4.76% in the long term. Meanwhile, based on variance decomposition, the proportion of economic growth has the greatest influence when there is a change or shock to poverty in Papua Province.

Human quality has a negative and significant effect on reducing poverty, improving human quality in the scope of health, decent standard of living and knowledge of individual in Papua Province is effective in reducing poverty in the long run, so focusing on human quality such as increasing the average length of schooling, increasing average expenditure and life expectancy at birth makes the province of Papua even better.

5.2. Recommendation

Based on the results of the discussion and conclusions, author could set some following recommendations:

1. Based on the results of the study, in the long run human quality has an effect in reducing poverty, so it becomes to be important issues in making decisions and laws. It is expected that the government policies focus on increasing the average length of schooling for people in the province of Papua, increasing life expectancy at birth by providing good nutrition for mothers and the baby who will be born and increasing the expenditure of Papuans by increasing people's income.
2. While in the short term there is no relationship between human quality, unemployment and economic growth in overcoming poverty, it is expected that other studies can add other variables or use other methods to enhance this research.

