

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

5.1. Conclusions

Based on the empirical results and discussion about the influence of HDI on Gross Regional Domestic Product (GRDP) in Indonesia period 2013-2018, it can be summed up as follows:

1. Government expenditure had positive and significant impact in influencing GRDP, then an increase in government expenditure would increase Indonesia's GRDP period 2013-2018.
2. Human Development Index (HDI) had positive and significant impact in Indonesia's GRDP, then an increase in HDI would have an effect on the increasing of GRDP in Indonesia period 2013-2018. Moreover, it is the most significant factor influencing GRDP.
3. Worker income had no significant impact significant impact in influencing GRDP in Indonesia period 2013-2018.
4. Investment had a significant positive impact in influencing Gross Regional Domestic Product (GRDP) in Indonesia period 2013-2018. Thus, an increase in investment would increase Indonesia's GRDP period 2013-2018.

5.2. Recommendations

Based on the conclusions of the results study, some recommendations are as follows:

- 1) Government expenditure has a significant positive variable on revenue growth. It is the variable that has the smallest influence compared to investment and HDI. In sum, even the fiscal allocation function can be concluded to have run well. The government must improve indicators to maintain and boost the sustainable economic growth such as the construction of roads, schools, hospitals, and all related to productive improvements in society, which are expected to increase production in the aggregate.
- 2) Human Development Index (HDI) is the most significant influential variable in the impact of GRDP influences among other variables, HDI as a driving force for regional income. Unfortunately, based on the data in Table 1.3 the amount of Human Development Index (HDI) increase in Indonesia is still not optimal compared to other countries such as Vietnam and Myanmar which are able to increase HDI by 21.9 in 27 years. The government should start focusing more on the human resource sector because it needs to be recognized that whatever amount of funds either obtained or issued and the number of workers. Consequently, the results will not be maximized without qualified human resources.
- 3) Worker Irregularities indicate that the role of the government and the company has not been synergized properly, which is very necessary to

improve output or input facilities and infrastructure that will affect an increase in the number and productivity of worker that is efficient and effective in generating better regional income.

- 4) Investment funds have been proven to have an effect on the Indonesian economy. Unfortunately, investment funds are too dependent on foreign investment, so that if foreign investment falls, it will have a negative impact on the economy. Since the foreign investment trends is always fluctuating, the government must maintain positive domestic investment trends, so it will make Indonesia as a self-reliant country.

