# CHAPTER VI

## CONCLUSION AND RECOMMENDATION

### 6.1 Conclusion

The research objectives are to examine the sensitivity budget allocation toward poverty per province in Indonesia. By using descriptive analysis obtained from several sources publications and processed using Eviews 8 and SPSS.

Based on the analysis of data and discussion can be summarized as follows:

1. There are nine sectors of the budget allocation examined in this study: economy, educational, environmental, health, housing and public facilities, peace and order, public service, social protection, tourism and culture. However, there are only three sectors sensitive to the budget allocation on poverty in Indonesia: economy, educational, tourism and culture.

2. From thirty three provinces in Indonesia, average of three sensitive budget is more allocated in the tourism and culture sector. Only five provinces that do not, such as Lampung, DKI Jakarta and Bali more allocated to the education sector, while Central Java and East Java more allocated to the economy sector.

3. Educational, and tourism and culture budget allocation are negatively related and significant effect on the percentage of poor people in Indonesia. This means that the more budget allocations in three of them will reduce the percentage of poor people in Indonesia. Conversely, the
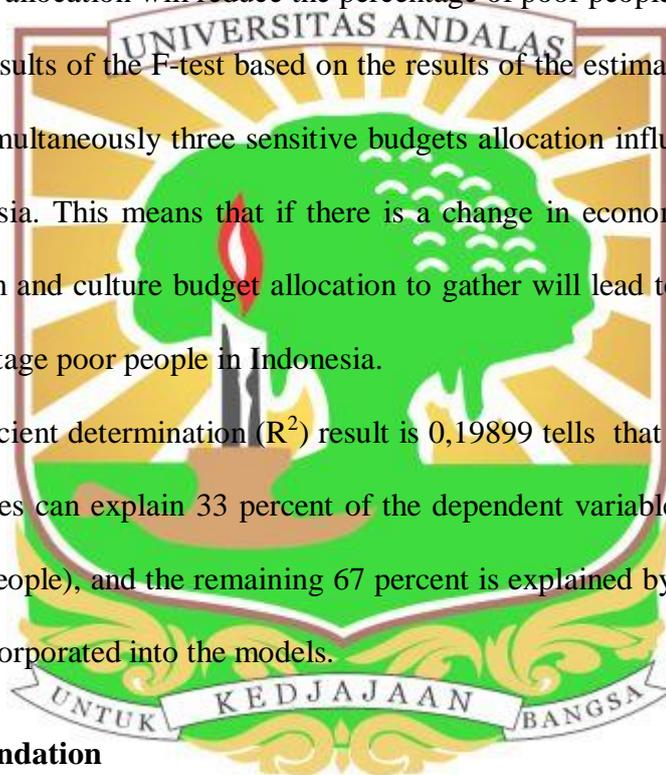
less the budget allocation will encourage increased percentage of poor people in Indonesia.

4. Economy, tourism and culture budget allocation are positively related and significant effect on the percentage of poor people in Indonesia. This means that the more budget allocations in both of them will encourage increased percentage of poor people in Indonesia. Conversely, the less the budget allocation will reduce the percentage of poor people in Indonesia.

5. Test results of the F-test based on the results of the estimation can be seen that simultaneously three sensitive budgets allocation influence poverty in indonesia. This means that if there is a change in economy, educational, toursim and culture budget allocation to gather will lead to changes in the percentage poor people in Indonesia.

6. Coeffecient determination ($R^2$) result is 0,19899 tells that the independent variables can explain 33 percent of the dependent variable (percentage of poor people), and the remaining 67 percent is explained by factors that are not incorporated into the models.

**6.2 Recommendation**

For Government:

1. The budget allocation for the education, tourism and culture sector take significant negative effect on the percentage of poor people. Therefore, it is expected that local governments can spend the three of the budget more effective and more efficient so that the percentage of poor people

continues to decline. Thus, education, tourism and culture spending can continue a significant negative effection the percentage of poor people.

2. Because the average of three sensitive budgets is more allocated in the economy and also in housing and public facilities sector which they takes poisitive signifant effect to the percenatge poor people. Therefore, it is expected the local government can allocate more budget on target. Such as, reduction in the both of this budget then allocated to the educational, health, tourism and culture budgets which take negative significant effect to the percentage of poor people.

Based on the limitations of this study, it is suggested for further research in order:

1. In the selection range data using a longer period and the latest data that can be obtained from various sources that had been provided.

2. Incorporate other method to measure and anlyze the senstivity.

3. Incorporate other variables that can affect the percentage of the poor.