CHAPTER V
CONCLUSIONS AND SUGGESTIONS

5.1 Conclusion

1. Regional Spending has a negative and significant effect on HDI. These results show that the increase in total Regional Spending does not necessarily directly increase HDI in the same year. This can be explained because Regional Spending is a policy input, while HDI is a human development outcome that responds slower, so the impact can experience time lag. Thus, this negative result is more accurately interpreted as that the benefits of Regional Spending have not been automatically reflected in the current year's HDI.
2. Foreign Direct Investment has a positive and significant effect on the HDI of districts/cities in Bali Province. This means that the influx of Foreign Direct Investment is able to contribute to improving the quality of human development through the expansion of economic activities, job creation, increased community income, technology transfer, and increased labor productivity. If the benefits of investment are absorbed by local communities, then LDCs can support increased access to education, health, and a decent standard of living
3. GRDP has a positive and significant effect on the HDI of districts/cities in Bali Province. These results show that increasing regional economic activity can encourage human development. The greater the added value and economic capacity of a region, the greater the opportunities for job

opportunities, increased community income, strengthening purchasing power, and supporting people's quality of life.

5.2 Suggestions

1. For local governments, regency/city governments in Bali Province are advised to improve the effectiveness of Regional Spending management, especially in the timeliness of budget realization, the quality of program implementation, and evaluation-based evaluations of development outputs and outcomes. This is important because the results of the study show that Regional Spending has a negative and significant effect on HDI, which indicates that the increase in the total budget is not necessarily directly reflected in the increase in human development in the same period. In addition, local governments also need to encourage more inclusive FDI, which is investment that is not only concentrated in developed areas, but also able to absorb local labor, improve community skills, and extend economic benefits to areas with relatively lower HDI achievements. On the other hand, local governments also need to strengthen regional economic diversification so that the increase in GRDP does not only depend on the tourism sector, but is also supported by MSMEs, creative economy, value-added agriculture, and local trade.
2. For the current conditions, the local government in Bali Province needs to pay greater attention to the equitable distribution of human development between regions. Although the HDI of districts/cities in Bali Province shows an increasing trend and the gap between regions tends to decrease, differences in human development achievement are still visible, especially

between areas with high HDI such as Denpasar and Badung and relatively lower areas such as Karangasem and Bangli. Therefore, future development policies should be more directed at strengthening basic services, equitable access to education and health, expanding employment opportunities, and distributing investment and economic activities more evenly so that the increase in HDI does not only occur in certain areas, but can be felt more balanced in all districts/cities in the Province of Bali.

3. For future researchers, it is recommended to develop this study by adding other variables that have the potential to affect HDI, such as poverty, open unemployment rate, education spending, health spending, average length of schooling, or income inequality. In addition, subsequent research can also use the measure of HDI disparity directly as a dependent variable, such as the Williamson index, coefficient of variation, or convergence analysis, in order to not only explain the factors that affect the level of HDI, but also to be able to analyze the factors that affect the decline in the human development gap between regions in the province of Bali. Future research can also consider the use of models that include the effect of *time lag*, especially for the variable of Regional Spending, so that the influence of fiscal policy on HDI can be more accurately captured.