

## **ABSTRACT**

*Human capital is regarded as one of the most important determinant of productivity. How the level of human capital might effect the productivity of an economy is widely studied via the channel of education and health. In accordance to that, this study aimed to analyze the effect of human capital to productivity level across provinces in Indonesia. In this study, the level of education was measured by several indicators, namely : literacy rate and school enrollment rate. The level of health was measured by infant mortality rate. The study employed a panel data of 25 provinces in Indonesia during the period of 1996-2010. Using fixed effect method, the result showed that secondary school enrollment rate and infant mortality rate are significant to explain the variation of productivity in provinces in Indonesia.*

*Keywords : productivity, human capital, education, health, fixed effect methods*

*JEL Classification :O11, O15, O47*