

## CHAPTER V

### CONCLUSIONS AND RECOMMENDATIONS

#### 5.1. Conclusion

Based on the results' analysis, factors that influence income inequality in West Java cities in 2010 – 2015, it can be concluded as follows:

1. Gini Ratio as a measurement of income inequality in West Java is fluctuating each year and it tends to increase. Currently Gini ratio in West Java is 0.41, which expresses the medium income inequality.
2. Economic growth in 7 cities in West Java does not significantly influence income inequality.
3. Human Development Index in West Java significantly influence income inequality and it gives positive impacts towards income inequality. The higher the HDI, the higher the income inequality will be. HDI affects labor productivity, the more productive the more income will be. Uneven HDI in West Java creates the imbalance development and income inequality in West Java.
4. Minimum wages do not significantly influence income inequality in cities in West Java.
5. Inflation significantly influences income inequality in cities in West Java and it gives negative impacts towards income inequality. Inflation hits people with fixed nominal income because the value of money decreases. Inflation gives redistribution effects toward income and then inflation significantly influences income inequality.

## 5.2. Recommendations

1. Income inequality in West Java is categorized as a medium inequality. Therefore, it is necessary to set up economic and non-economic policies aimed to boost the economic growth, reduce inequality and alleviate poverty.
2. Inflation and Human Development Index that show significant effects on income inequality can be a guidance to make decisions and create policies that can reduce income inequality problems.
3. To reduce income inequality in West Java, the Government needs to create programs that can boost human capitals in West Java, such as by improving health facilities and providing training programs for the labors so that hopefully the programs can increase their income and reduce the income inequality later.