TABLE OF CONTENTS

APPROVAL PAGE ..... **iv**
LEGALIZATION PAGE ..... Error! Bookmark not defined.
MOTTO ..... **v**
ACKNOWLEDGEMENTS ..... **viii**
TABLE OF CONTENTS ..... **xi**
LIST OF TABLES ..... **xiv**
LIST OF FIGURES ..... **xv**
LIST OF APPENDICES ..... **xvi**
ABSTRACT ..... **xvii**
ABSTRAK ..... **xviii**
CHAPTER I : INTRODUCTION **1**
1.1. Background of Study 1
1.2. Problem Formulations 6
1.3. Research Objectives 6
1.4. Research Contributions 7
1.5. Systematics of Writing 7
CHAPTER II : REVIEW OF RELATED LITERATURE **9**
2.1. Literature Review 9
2.2. Theoretical Review 13
2.2.1 Economic Development 13
2.2.2. Economic Growth Models 15
2.2.3. Income Inequality 18
2.2.4. Gross Domestic Product 20
2.2.5. Human Development Index 22
2.2.6. Minimum Wage 23
2.2.7. Inflation 25
2.3. Theoretical Framework 28
2.4. Hypotheses Formulation 31
2.4.1. Economic Growth 31

2.3.1. Human Development Index 32
2.3.2. Minimum Wage 33
2.3.3. Inflation 33
CHAPTER III : RESEARCH METHOD 34
3.1. Data Collection Method 34
3.2. Research Variables 34
3.2.1. Economic Growth 35
3.2.2. Human Development Index 35
3.2.3. Minimum Wages 35
3.2.4. Inflation 35
3.2.5. Income Inequality 35
3.3. Analysis Technique 36
3.3.1. Panel Data Method 36
3.3.2. Models 38
3.3.3. Hypothesis Testing 39
CHAPTER IV : DATA ANALYSIS AND DISCUSSIONS 41
4.1. Data Analysis 41
4.1.1. Income Inequality 41
4.1.2. Economic Growth 41
4.1.3 Human Development Index (HDI) 43
4.1.4 Minimum Wages 44
4.1.5 Inflation 45
4.2 Panel Data Estimation 46
4.3 Fixed Effect Model 48
4.4 Cross Effect 50
4.5 Period Effect 51
4.6 Hypothesis Testing 51
4.6.3 T-test 51
4.6.4 F-Test 52
4.6.5 Coefficient Determination 52
4.7 Model Interpretation 54

4.7.3 Impact of Economic Growth towards Income Inequality 54
4.7.2. Impact of Human Development Index towards Income Inequality 55
4.7.3. Impact of Minimum Wages towards Income Inequality 56
4.7.3. Impact of Inflation towards Income Inequality 57
CHAPTER V : CONCLUSIONS AND RECOMMENDATIONS 59
5.1. Conclusion 59
5.2. Recommendations 60
REFERENCES 61
APPENDICES 63

LIST OF TABLES

Table 1.Gini Ratio West Java Province 41
Table 2. Cross Effect..... 63
Table 3. Period Effect 64
Table 4. Fixed Effect Test Result 65

LIST OF FIGURES

Figure 1. Inverted U-Shape 18
Figure 2. Lorenz Curve 18
Figure 3. West Java's Economic Growth 42
Figure 4. West Java's Human Development Index 44
Figure 5. West Java's Minimum Wage 58
Figure 6. West Java's Inflation 59

LIST OF APPENDICES

Research Data 63
Common Effect Model..... 65
Fixed Effect Model 66
Random Effect Model..... 68