

## CHAPTER V

### CONCLUSION AND RECOMMENDATION

#### 5.1 Conclusion

In this study, the author tries to analyze the pattern of regional income inequality in Sumatra Island for the 2010-2019 period. The aim is to drawing upon estimates of the Williamson index and the Klassen typology. The index is commonly used to measure the development gap between regions by using the gross regional domestic product (GRDP) as the main data on the island of Sumatra. Income inequality among provinces in Sumatra is at a moderate level between 0.3740-0.4978. The path of regional income inequality is moving to convergence. This represents that inequality in Sumatra island is getting smaller and more evenly distributed because in the last 10 years has decreased every year.

This study is a mixed-method which means a research step by connecting both approaches in this study, that are qualitative and quantitative. With this connecting process involved, the study can be tested using a descriptive approach derived from phenomenon and available data, and to support the results of the analysis, quantitative data is used so that the resulting data more valid. By using the data sourced from the Indonesian Central Bureau of Statistics (BPS), it can be concluded that regional income inequality in Sumatra Islands tend to decrease and majority of provinces showing potentiality to grow according to Klassen typology. After calculating the data and discussion based on the phenomenon, supported by the theoretical basis it can be concluded as follows:

1. The condition of income inequality in Sumatra, which is measured by the Williamson Index. The condition of income inequality in Sumatra Island has always decreased from 2010 to 2019. In 2011 it decreased to 0.4892, this indicates that the level of inequality is moderate or in the other words the path of regional income inequality in Sumatra Island is moving to convergence. Continued from 2012 to 2019 with a figure of 0.3740. Furthermore, during the observation period, it indicates that the relationship between per capita income and income inequality on the island of Sumatra in the 2010-2019 period is negatively or inversely related. This means that if per capita income increases, income inequality on the island of Sumatra tends to decrease or the distribution of income on the island of Sumatra is more evenly distributed along with the increase in per capita income.

2. The Klassen typology study is applied to determine the structure of regional economic growth. During the 2010-2019 observation period, the average economic growth and per capita income caused each province to be spread out in four different quadrants. From the conclusion of the analysis according to Klassen Typology, Riau Islands Province is included in the category of fast forward and rapidly developing, and vice versa, Aceh and Bangka Belitung Islands Province are included in the backward province. Meanwhile, developed but depressed areas is Riau Province because it has above-average per capita income but their economic growth rate is below the average of Sumatra Island. Furthermore, the dominant provinces in Sumatra island fall into the category of potential to grow, especially the Provinces of

North Sumatra, West Sumatra, Jambi, Bengkulu, South Sumatra, and Lampung.

## 5.2. Recommendation

Based on the interpretation and discussion of the study, the following are some suggestions recommended by the authors based on the results of research during the 2010-2019 period:

Government - This study tries to analyze the causes of income inequality and can provide an illustration that the availability of electricity is still the most binding constraint in almost all provinces on the island of Sumatra. This shows that the need for electrical energy is very important, not only for household use but also for the industrial sector. As for other obstacles, such as road quality problems, port capacity, bureaucracy related to the licensing process, and the low quality of human resources, local and central governments must also improve these phenomena. Then there needs to be a solution for the government so that the Provinces of Aceh and the Bangka Belitung Islands, which are relatively lagging behind, become provinces that develop rapidly or even become developed provinces

Future Researcher - It can also provide another method for future studies of income inequality between regions to help explain why these inequalities exist as reference material. A more in-depth analysis such as a survey or qualitative study is needed to identify what causes the inequality to occur. So that regional comparisons can be made in terms of regional income inequality.