

## CHAPTER V

### CONCLUSIONS AND RECOMMENDATIONS

#### 5.1

Based on the results of data analysis and discussion, the following conclusions can be drawn:

1. The Labor Force Participation Rate has a positive and significant effect on economic growth in the cities of Bandung, Cirebon, Bogor, and Sukabumi. This indicates that the higher the rate of population participation in economic activities, the greater the contribution of the labor force to goods and services, which ultimately boosts regional economic growth.
2. The Human Development Index has a negative and significant effect on economic growth in the cities of Bandung, Cirebon, Bogor, and Sukabumi. These results indicate that improvements in human capital quality—as reflected in education, health, and living standards—have not yet fully succeeded in directly driving economic growth in the short term. This may be due to time lags, a mismatch between workers' skills and labor market needs, and the suboptimal absorption of qualified labor in productive sectors.
3. The minimum wage has a positive and significant effect on economic growth in the cities of Bandung, Cirebon, Bogor, and Sukabumi. This indicates that an increase in the minimum wage can boost purchasing power and household consumption, thereby driving increased demand for goods

4. and services in the local economy. Thus, minimum wage policies can serve as an effective instrument for promoting regional economic growth.

## **5.2 Recommendations**

Based on research findings indicating that the labor force participation rate and the minimum wage have a positive and significant impact on economic growth, while the Human Development Index has a negative and significant effect, local governments in the cities of Bandung, Cirebon, Bogor, and Sukabumi are expected to increase job creation, strengthen skills training and vocational education programs, and establish minimum wage policies aligned with labor productivity and regional economic conditions to drive sustainable economic growth. Furthermore, future research is recommended include additional variables such as investment, infrastructure, and government spending to provide a more comprehensive picture of the factors influencing regional economic growth.

Regarding the use of variables in future research, there are several specific recommendations based on the limitations and findings of this study. First, the TPAK variable can be broken down into female TPAK and male TPAK separately, given that women's participation in the labor force has distinct dynamics and impacts on economic growth, particularly in cities undergoing a transition from a manufacturing-based economy to a service-based economy. Second, the HDI variable can be broken down into its constituent components (Life Expectancy, Average Years of Schooling, Expected Years of Schooling, and Per Capita Expenditure) to identify which dimensions of human capital most influence economic growth in the context of West Java's urban areas. Third, the minimum wage variable can be supplemented with the labor productivity variable (output per

worker) to test the wage efficiency hypothesis more directly, as well as to analyze whether there is a gap between wage increases and productivity gains that impacts the competitiveness of local industries. Fourth, future research may consider adding control variables such as the Open Unemployment Rate, Investment Realization (FDI+DDI), Local Government Capital Expenditures, and the level of economic openness (exports/GRDP) to strengthen the model's specificity and reduce potential omitted variable bias. Fifth, the geographical scope can be expanded to all 27 regencies/cities in West Java Province or compared with equivalent cities in other provinces such as Central Java and East Java to obtain broader generalizations.