

Income inequality and human capital as factors influencing economic development of region – case study of Latvia

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Abstract

If, regarding the available natural and capital resources, all the other conditions are equal, some regions are still able to provide a more rapid economic development. Even, if the resource base is less available, nevertheless there are regions which are developing rapidly. This is due to another available qualitative resource, namely, human capital.

Inequality can be observed in different forms, but income inequality is one of the mostly used and important. Greater difference of income between inhabitants of region can create more expressed disparities in quality of life between members of society. At regional perspective, that can sufficiently affect different decisions of population and thereby – trends and options of social and economic development. Focus of research is to assess the impact of income inequality and human capital on economic development of Latvian regions in order to evaluate importance of human capital in Latvia. For this, correlation method is used. The results of the research lead to the conclusion that income inequality and human capital has significant impact on economic performance of region and income inequality is closely linked to economic development, too.

Keywords

Region, income inequality, economic development, GDP, human capital, Latvia.

Biography

Svetlana Ivanova is lecturer at the Faculty of Engineering Economics and Management of Riga Technical University and at Riga Technical University Liepaja Affiliation. She received Master degree in International and Regional Economics at Riga Technical University in 2011. She research interests focus on regional development, income inequality, sustainable development and national economics. She teaches undergraduate and postgraduate courses in Statistics, Economic analysis and Economic forecasting at the Riga Technical University.

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