

ABSTRACT

Equity and welfare improvement are the main objectives of economic development in a country. Rapid economic growth must be followed by income equality so as not to cause new problems, namely income distribution inequality. This study aims to analyze the relationship between Gross Regional Domestic Product (GRDP) per capita, Human Development Index (HDI), and District/City Minimum Wage on income inequality in Central Java in the period 2017-2022. This research uses a quantitative approach with secondary data obtained from the Central Bureau of Statistics. The analysis method used is multiple linear regression to identify the effect of these variables on income inequality, which is measured using the Gini Index.

The results show that an increase in GRDP per capita has a significant effect in increasing income inequality in Central Java. This indicates that despite the increase in average income, income distribution remains unequal, with a small proportion of individuals generating very high incomes. Meanwhile, the HDI and minimum wage variables do not show a significant effect on income inequality. GRDP per capita, human development index and district/city minimum wage together have a significant effect on income inequality in Central Java Province in 2017-2022. Suggestions are expected to reduce income inequality in Central Java Province in 2017-2022.

Keywords: income inequality, GRDP per capita, Human Development Index, minimum wage, Central Java.