

ABSTRACT

Indonesia is one of the developing countries that improves the welfare of its people by continuing to carry out development. However, the development process and needs are different in each region. Income inequality in Indonesia is concentrated in provinces located in Java. The purpose of this study is to identify the effect of Gross Regional Domestic Product (GRDP), Total Population (JP), Open Unemployment Rate (TPT), Human Development Index (HDI) and Provincial Minimum Wage (UMP) on income inequality in Java Island 2015-2022.

This study uses secondary data and the research method used is panel data regression in the form of cross section data of 6 provinces in Java Island and time series during 2015-2022 with the help of E-views 10. The appropriate model selection in this study is the Fixed Effect Model.

The results of the statistical test analysis in this study identify that partially the GRDP and population variables are not significantly correlated with income inequality. This means that GRDP and population do not affect income inequality in Java. Unemployment and HDI variables have a positive and significant relationship. This means that any increase in the value of unemployment and HDI affects income inequality in Java. The minimum wage variable has a negative and significant effect. This means that any decrease in the value of the minimum wage affects income inequality in Java. Simultaneously, GRDP, population, unemployment, HDI, and minimum wage have a significant effect on income inequality in Java Island 2015-2022. The variation of the selected independent variables can explain the dependent variable by 59%. This research is limited to the 2015-2022 period and limited to the independent variables. Suggestions in this study are to identify regional income inequality on one island, it is necessary to add other factors outside the variables used in this study such as Geographical factors and natural resources owned by each region and to get more perspective, it is necessary to compare with research with different objects and island case studies. Keywords: Income Inequality, GRDP, Population, Unemployment, HDI, Minimum Wage. Gini Index, Fixed Effect Model (FEM)