

ABSTRACT

Regional inequality is a condition where there are differences in regional conditions between developed and underdeveloped areas. This disparity occurs because underdeveloped regions have not been able to maximize their internal potential and lack the necessary resources, leading to a gap between the advanced and the underdeveloped regions. This research aims to analyze the influence of economic growth, open unemployment rate, foreign direct investment, domestic direct investment, and regional expenditure on regional inequality in Java Island from 2016–2024.

This study uses the panel data regression analysis method with a fixed effect model. The data used includes a cross-section of 6 provinces in Java Island and time series data from the years 2016 to 2024. Data sources are obtained from official publications of BKPM (Investment Coordinating Board), the Central Statistics Agency (BPS), and DJPK Kemenkeu (Directorate General of Fiscal Balance, Ministry of Finance). The independent variables used include economic growth, open unemployment rate, foreign direct investment (FDI), domestic direct investment (DDI), and regional expenditure. Meanwhile, the dependent variable is regional inequality, measured using the Williamson Index.

The results of this study indicate that the variables of economic growth and the open unemployment rate partially have no significant effect on regional inequality in Java Island. In contrast, the variables of foreign direct investment, domestic direct investment, and regional expenditure partially have a positive and significant effect on regional inequality in Java Island from 2016–2024. Furthermore, the variables of economic growth, open unemployment rate, foreign direct investment, domestic direct investment, and regional expenditure simultaneously have a significant effect on regional inequality in Java Island from 2016–2024.

Keywords : Regional Inequality, Williamson Index, Economic Growth, Unemployment, FDI, DDI, Regional Expenditure.