ABSTRACT

Income inequality among provinces in Indonesia remains relatively high despite continued national economic growth. This disparity is presumed to be influenced by institutional factors, regional fiscal capacity, and differences in the quality of human resources across provinces. This study aims to examine the effects of corruption crime rates, fiscal independence ratio, the Human Development Index (HDI) and Gross Regional Domestic Product (GRDP) per capita on income inequality among provinces in Indonesia during the 2018 – 2022 period.

This study employs balanced panel data consisting of secondary data obtained from Statistics Indonesia (BPS) and the Directorate General of Fiscal Balance (DJPK), Ministry of Finance of the Republic of Indonesia, covering the years 2018 – 2022. The dataset comprises 170 observations from 34 provinces. The analysis is conducted using panel data regression with the Fixed Effect Model (FEM) approach.

The results indicate that, simultaneously, all independent variables have a significant effect on income inequality among provinces in Indonesia. Partially, the corruption crime rate has a significant negative effect, the fiscal independence ratio has no significant effect, the Human Development Index (HDI) has a significant negative effect, and Gross Regional Domestic Product (GRDP) per capita also has a significant negative effect on income inequality.

Keywords: *Income Inequality, Gini Index, Corruption Crime Rate, Fiscal Independence Ratio, Human Development Index.*