ABSTRACT

The research was conducted because Indonesia is a developing country facing various economic issues, notably income distribution inequality. This study aimed to analyze the factors contributing to the failure to achieve the income inequality target of Rencana Pembangunan Jangka Menengah Nasional (RPJMN) for the period 2015-2019, which had a target of 0.36 but realized a value of 0.38 in income distribution inequality in Indonesia. The dependent variable in this study was the Gini ratio across 34 provinces in Indonesia from 2015 to 2019. The independent variables PMDN, PAD, Labour (TK), IPI, and Provincial Human Development Index (HDI) for the same period. The research method employed panel data regression, utilizing secondary data obtained from the Badan Pusat Statistika Indonesia and Manajemen Data Dasar Regional, with a sample size of 170 data points. Utilizing a fixed-effect model PDRB perkapita as a dummy variable, the findings revealed several trends. PMDN and PAD variables exhibited a positive and significant impact on income inequality. TK variable showed a positive impact but lacked significance. The Provincial Human Development Index (HDI) negatively and significantly influenced income inequality. Meanwhile, the variables of Individual Internet Usage (IPI) and the dummy variable had a negative impact but were not statistically significant concerning income inequality.

Keywords : Income Inquality, PMDN, PAD, Labour (TK), IPI, HDI, and Gross domestic per capita