

ABSTRACT

Regional inequality is a development problem experienced by Indonesia. DKI Jakarta Province as the capital city of Indonesia has a fairly high inequality with a trend that tends to increase from 2010 to 2020. Meanwhile East Kalimantan Province which is designated as a candidate for the new capital city of Indonesia also has high inequality, although the trend of inequality decreases every year. This study aims to analyze the effect of investment, agglomeration, unemployment rate, primary sector GRDP distribution and road length on regional inequality in DKI Jakarta Province and East Kalimantan Province in 2010–2020.

This study uses the Ordinary Least Square (OLS) regression analysis method and uses a data processing tool in the form of the Eviews 10 application. The data used in this analysis is time series data in 2010-2020 obtained from the Badan Pusat Statistik, Badan Pusat Statistik Provinsi DKI Jakarta and Badan Pusat Statistik Provinsi Kalimantan Timur. The independent variables used are investment, agglomeration, partition, primary sector GRDP distribution and road length. While the dependent variable is the area of DKI Jakarta Province and East Kalimantan Province.

The results in this study indicate that in DKI Jakarta the investment variable has a positive and significant influence on an area. the level variable has a negative and significant effect on the region, while the agglomeration variables, primary sector GRDP distribution and road length have no significant effect on the region. Meanwhile, in East Kalimantan Province, investment, participation and distribution of GRDP in the primary sector have a positive and significant effect on the region. The road length variable has a negative and significant effect on an area, while the agglomeration variable has no significant effect on an area. The variables of investment, agglomeration, partition, primary sector GRDP distribution and road length together have a positive and significant impact on areas in DKI Jakarta Province and East Kalimantan Province in 2010-2020.

Keywords: Regional Inequality, Investment, Agglomeration, Unemployment Rate, Primary Sector GRDP Distribution, Road Length