

TABLE OF CONTENTS

THESIS APPROVAL PAGE	ii
EXAMINATION COMPLETION APPROVAL	iii
STATEMENT OF BACHELOR THESIS ORIGINALITY	iv
MOTTO AND TRIBUTES	v
ABSTRACT	vi
ABSTRAKSI.....	vii
ACKNOWLEDGEMENT.....	viii
LIST OF TABLE	xiv
LIST OF FIGURE.....	xv
LIST OF APPENDIX.....	xvi
CHAPTER I INTRODUCTION.....	1
1.1 Background	1
1.2 Research Problem	10
1.3 Objectives and Benefits.....	11
1.4 Organization of Writing.....	11
CHAPTER II LITERATURE REVIEW	13
2.1 Theoretical Foundation	13
2.1.1 Inverted U-Curve Theory (Kuznets Hypothesis).....	13
2.1.2 Income Inequality	14
2.1.3 Lorenz Curve And Gini Ratio	16
2.1.4 Economic Growth	17
2.1.5 Investment	18
2.1.6 Labor	19
2.1.7 Human Index Development (HDI).....	20

2.2 Previous Research	22
2.3 Relationship between Independent Variable and Dependent Variable.....	29
2.3.1 Investment with Income Inequality	29
2.3.2 Labor with Income Inequality	31
2.3.3 Human Development Index (HDI) with Income Inequality	33
2.4 Theoretical Framework	34
2.5 Research Hypothesis	37
CHAPTER III RESEARCH METHODOLOGY.....	38
3.1 Research Variables and Operational Definition of Variables	38
3.1.1 Dependent Variable	38
3.1.2 Independent Variable	39
3.2 Types and Sources of Data	41
3.3 Analysis Method.....	42
3.3.1 Panel Data Regression Model Selection.....	43
3.3.2 Method of Determining the Best Estimation Model	44
3.3.3 Normality Test.....	48
3.3.4 Classic Assumption test.....	49
3.3.5 Coefficient of Determination (R^2)	53
3.3.6 Statistical Test.....	54
CHAPTER IV RESULTS AND DISCUSSION	58
4.1 Description of Research Object.....	58
4.1.1 Overview of the Gini Ratio of DI Yogyakarta Province.....	58
4.1.2 Foreign Direct Investment (FDI) DI Yogyakarta.....	60
4.1.3 Domestic Investment (DI) of DI Yogyakarta.....	62
4.1.4 Human Development Index (HDI) of DI Yogyakarta.....	63
4.1.5 Labor Force Participation Rate (LFPR) of DI Yogyakarta	65
4.2 Panel Data Regression Analysis.....	66
4.2.1 Selection of Regression Model.....	66
4.3 Common Effect Model (CEM) Regression	68
4.3.1 Normality Test.....	69

4.3.2 Classic Assumption Test	70
4.3.3 Coefficient of Determination (R^2)	72
4.3.4 Statistical Test	73
4.4 Result Discussion	76
4.4.1 Domestic Investment (DI)	76
4.4.2 Foreign Direct Investment (FDI)	78
4.4.3 Human Development Index (HDI)	79
4.4.4 Labor Force Participation Rate (LFPR)	81
CHAPTER V CONCLUSION AND SUGGESTIONS	84
5.1 Conclusion	84
5.2 Recommendation	86
5.3 Limitations	87
REFERENCES	88
APPENDIX	93

