

ABSTRACT

ANALYSIS OF FACTORS AFFECTING INCOME INEQUALITY IN 6 PROVINCES ON THE ISLAND OF JAVA IN 2015-2019

By:

Kania Dewi Kinasih

Mentors:

Asep Yusup Hanapia

Jumri

The purpose of this research is to analyze: (a) the effect of population, human development index (education dimension, health dimension, purchasing power dimension) and degree of fiscal decentralization to income inequality partially; (b) the effect of population, human development index (education dimension, health dimension, purchasing power dimension) and degree of fiscal decentralization to income inequality in 6 provinces on the island of java period of 2015-2019 simultaneously. The method used is the OLS method with a panel data model and hypothesis testing using partial test (t test) and simultaneous (F test). The result showed that: (a) partially human development index education dimension and degree of fiscal decentralization had a negative significant effect, while the population and human development index (health dimension and purchasing power dimension) had a positive non-significant effect to income inequality; (b) simultaneously population, human development index (education dimension, health dimension, purchasing power dimension) and degree of fiscal decentralization influence to income inequality. The conclusion of this research is the Human Development Index education dimension and degree of fiscal decentralization had a negative effect, if there is an increase of the human development index education dimension and the degree of fiscal decentralization, it can reduce inequality of income distribution.

Keywords: *Income Inequality, population, human development index (education dimension, health dimension, purchasing power dimension) and degree of fiscal decentralization.*