

ABSTRACT

Herlin Putri Morita (1207339/2012) : *Factors Affecting Income Inequality Among Provinces in Indonesia. Under the guidance of Mr. Prof. Dr. Syamsul Amar, BMS and Mrs. Melty Roza Adry, SE, ME.*

The purpose of this study is to know (1) The effect of labor on income inequality among provinces in Indonesia, (2) The effect of investment on income inequality among provinces in Indonesia, (3) The effect of economic infrastructure on income inequality among provinces in Indonesia, (4) The effect of labor, investment and economic infrastructure altogether on income inequality among provinces in Indonesia.

The type of this study are descriptive and associative. The type of data is secondary data. This study uses panel data that using 32 provinces in Indonesia, by using Fixed Effect Model (FEM) approach.

The result of this study show that : (1) Labor has a negative and significant effect on income inequality among provinces in Indonesia, (2) Investment has no significant effect on income inequality among provinces in Indonesia, (3) Economic infrastructure has no significant effect on income inequality among provinces in Indonesia, (4) Labor, investment and economic structure altogether has significant effect on income inequality among provinces in Indonesia.

Keywords : Income Inequality, Labor, Investment, Economic Structure