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ANALYSIS OF FACTORS AFFECTING INCOME DISTRIBUTION
Nequality in Indonesia
2009-2013 PERIOD

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ABSTRACT

Destination: to analyze the effect of population, minimum wages and unemployment on inequality of income distribution in Indonesia. This study uses secondary data in the form of panel data consisting of time crosses for the period 2009-2013 and cross places in 33 provinces in Indonesia

Design / methodology / approach: The analysis carried out is a quantitative analysis using multiple linear regression to answer the problem formulation and determine the effect of predetermined variables.

Findings: All independent variables are said to have a joint (simultaneous) influence on the dependent variable because it is seen from the level of significance that the number is 0.002 less than 0.05, which means that there is a significant effect simultaneously between the population, minimum wages and unemployment on inequality of income distribution. in Indonesia the period 2009-2013. There is a partially significant effect between the minimum wage and the inequality of income distribution. The minimum wage variable has a dominant influence on inequality in income distribution in Indonesia for the 2009-2013 period.

Practical implications: To Intensify business in the economic sector in order to touch the lower class of society

Paper type: Research paper

Keywords : Population, Minimum Wage, Unemployment and Inequality of Income Distribution

I. INTRODUCTION

Economic growth is a measure of the success of a country's development. The economy is considered to encounter development if all genuine compensation for the variables of creation in a specific year is more noteworthy than the pay got by the local area in the earlier year. One of the pointers used to gauge financial development is the development pace of Gross Territorial Homegrown Item (GRDP). The current economic growth in Indonesia has prospects, but on the other hand, the distribution of income in Indonesia still looks unequal. So that seen from the Gini Index there is a moderate imbalance which basically needs to be watched out. This can be seen in table 1.1 regarding the comparison of economic growth with inequality in income distribution for 2009-2013 as follows:

Table 1
Comparison of GDP per capita with the Gini Index in Indonesia in 2009-2013

Year	GRDP per capita (Rp)	Gini Index
2009	23.9 million	0.37
2010	27 million	0.38
2011	30.8 million	0.41
2012	33.3 million	0.41
2013	36.5 million	0.41

Source: BPS East Java (2015)

Based on table 1.1, it shows that the amount of GDP per capita received by the community has increased from year to year, the inequality of income distribution in Indonesia as measured by the Gini Index shows a higher number. This directly illustrates that in Indonesia there is an inequality in income distribution which results in the growth of the poor population more and more. Meanwhile, the impact of price adjustment policies, such as the fuel price in 2013 and income adjustment policies such as minimum wages and civil servant salaries, which have triggered inflation in recent times, have also affected poverty levels and income distribution in Indonesia. One of the components that assumes a significant part in the issue of disparity in pay conveyance is the populace that keeps on expanding every once in a while, this triggers the accessibility of occupations. People who have entered the workforce need decent wages to meet their daily needs, but they do not always get the opportunity to enter the world of work so they are forced to become unemployed.

In light of the foundation depicted, the creators are keen on directing exploration with the title: Analysis of Factors Affecting Inequality of Income Distribution in Indonesia for the 2009-2013 Period.

This exploration was led to decide the impact simultaneously and partially between the variable population population, minimum wages and unemployment on inequality in income distribution in Indonesia for the period 2009-2013 and to determine which variables have a dominant influence on inequality in income distribution.

A. Literature Review
1. Inequality of Income Distribution

According to Irma Adelman dan Cynthia Taft Morris (Arsyad, 1973), in general, the factors causing inequality in income distribution in developing countries are as follows:
a. High population growth.
b. Inflation, where cash pay increments however isn't followed relatively by the expansion in the creation of products.
c. Inequality of advancement between locales.
d. Investments are especially in capital escalated projects, so the level of capital pay from added resources is huge contrasted with the level of pay from work exercises, so joblessness increments.
e. Low social versatility.
f. Implementing import substitution industrial policies to protect the businesses of the capitalist group which results in an increase in the prices of industrial products.

g. The weakening of the exchange rate for developing countries in trade with created nations, because of the inelasticity of interest by non-industrial nations for trade merchandise of non-industrial nations.

According to Williamson's opinion (Adisasmita Rahardjo, 2013) the concept of unequal distribution of income between regions emphasizes two influential variables, namely population and Gross Regional Domestic Product (GRDP). Each region has different potential, conditions and characteristics of the region, some are high and some are low, which can lead to unequal distribution of income between regions. Meanwhile, Jonna P. Estudillo (Musfidar, 2012) argues that wages are the income of workers who are part of household income and have a major contribution in influencing the inequality of household income distribution.

2. Population

Population is defined as a collection of similar individuals in a particular area. The term Population includes loan words in Indonesian which come from English, namely Population (Wijaya., 2012). Population is usually expressed in units of area per unit time. In terms of population, population is used to describe the number of residents in an area within a certain time.

3. Minimum wage

The lowest pay permitted by law is a standard least utilized by the business visionary or culprit industry to offer compensation to representatives, representatives or worker in his business or workplace. The public authority directs compensation through the Pastor of Labor Guideline No. 05/Men/1989 dated 29 May 1989 concerning Least Wages, which was in this way refreshed by the Pastor of Labor Guideline No. 7 of 2013 concerning Least Wages. Wages are resolved every year through a long interaction. From the outset the Local Pay Gathering (DPD) which comprised ofbureaucrats, scholastics, worker and business visionary hold meeting, framing group review and take to the field to discover value various requirements required by representatives, representatives and workers. After a study in various urban areas inside the territory that were viewed as delegate, figures were obtainedDecent Life Needs (KHL), earlier known as Least Living Requirements (KHM). In light of the KHL, the DPD proposes a provincial the lowest pay permitted by law (UMR) to the Lead representative to be sanctioned. The good living requirements part is utilized as the reason for deciding the lowest pay permitted by law dependent on the living necessities of single (unmarried) laborers, As of now, the UMR is otherwise called the Common The lowest pay permitted by law (UMP) on the grounds that the inclusion territory typically just covers one area. Aside from that afterregional self-governance completely legitimate, otherwise called the term Area/City The lowest pay permitted by law (UMK).

4. Unemployment

Joblessness is somebody who is as of now arranged in the workforce (15-64 years) who is effectively searching for work at a specific compensation level, yet can't land the ideal position (Sukirno, 2006).

According to Sukirno, (2006), unemployment is divided into 3 types based on the circumstances that cause it, including:

a. Frictional unemployment, namely unemployment caused by temporary difficulties in meeting employers with job applicants.

b. Structural unemployment, namely unemployment caused by changes in the structure of the economy.

c. Cyclical unemployment, namely unemployment associated with a decline in the economic activity of a country or a state experiencing a recession.

B. Hipotesa

Factors affecting inequality of income distribution in Indonesia 2009-2013 period either simultaneously, partially or dominantly

II. METHODOLOGY

Information investigation was done with the assistance of the Numerous Direct Relapse Strategy as an econometric computation instrument, yet prior to playing out different straight relapse examination and clear investigation, the traditional presumption test was utilized which included ordinariness test, multicollinearity test, autocorrelation test and heteroscedasticity test. The direct relapse condition model is as per the following:

$$Y = \alpha + \beta 1\ X_1 + \beta 2\ X_2 + \beta 3\ X_3 + \varepsilon$$

Information :

Y = Inequality of Income Distribution α = Constant

$X1$ = Population Population

$X2$ = Wages Minimum

$X3$ = Unemployment

$\beta 1, \beta 2, \beta 3$ = The regression coefficient of each independent variable ε =   *Standard error*

III. RESULTS AND DISCUSSION

Analysis of Multiple Linear Regression Results

From information preparing with the Gini Record as the needy variable and the populace variable, the lowest pay permitted by law and joblessness as free factors, the consequences of the relapse condition model are as per the following:

$$Y = 0.312 + 1{,}033\text{E-}10\ X1 + 4{,}567\text{E-}8\ X2 + 1{,}635\text{E-}8\ X3$$

F test

All free factors are said to have a joint (synchronous) impact on the reliant variable since it is seen from the degree of importance that the number is 0.002 under 0.05, which implies that there is a critical impact at the same time between the populace, least wages and joblessness on imbalance of pay dissemination. in Indonesia the time frame 2009-2013.

T test

The t test essentially shows how far the impact of one autonomous variable independently on the reliant variable. The free factor is considered to affect the needy variable if the importance is <0.05. At that point the t test results got are appeared in the table underneath:

Table 2
T test result (partial)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	, 312	, 014		21,558	, 000
	Population	1,033E-10	, 000	, 026	, 110	, 913
	Minimum wage	4,567E-8	, 000	, 294	3,670	, 000
	Unemployment	1,635E-8	, 000	, 153	, 666	, 506

source: Researcher (2018)

Testing of whether or not the influence of each independent variable on the dependent variable can be explained as follows:

1. Population (X1)

   Since the significance> 0.05 (0.913> 0.05), it implies that there is no mostly huge impact between the populace and the disparity of pay dispersion. In view of the relapse over, the relapse coefficient is 1.033E-10. This implies that there is a positive connection between the populace and the Gini Record, which implies that each 1% expansion in populace by a normal of 1% will expand the Gini File by 103.3% if other autonomous factors are viewed as unaltered.

2. Minimum wage (X2)

   Since the importance <0.05 (0.000 <0.05), it implies that there is an incompletely huge impact between the lowest pay permitted by law and the disparity of pay conveyance. In view of the relapse over, the relapse coefficient is 4.567E-8. This implies that there is a positive connection between the lowest pay permitted by law and the Gini Record, which implies that each 1% increment in the lowest pay permitted by law will build the Gini List by 456.7% if the other free factors are viewed as unaltered.

3. Unemployment (X3)

   Since the importance is> 0.05 (0.506> 0.05), it implies that there is no mostly critical impact among joblessness and inconsistent pay dissemination. In view of the relapse over, the relapse coefficient is 1.635E-8. This implies that there is a positive connection among joblessness and the Gini List, which implies that each 1% increment in joblessness by a normal of 1% will expand the Gini List by 163.5% if other free factors are considered unaltered.

R2 test

The multiple linear regression model above, then must be tested for accuracy or suitability the regression line (Goodness of Fit Test). Since the significance is> 0.05 (0.506> 0.05), it suggests that there is no generally basic effect among joblessness and conflicting compensation scattering. Considering the backslide over, the backslide coefficient is 1.635E-8. This infers that there is a positive association among joblessness and the Gini Rundown, which infers that each 1% augmentation in joblessness by an ordinary of 1% will extend the Gini Rundown by 163.5% if other free factors are viewed as unaltered.

Normality test

Ordinariness testing plans to decide if in the relapse model, bewildering or leftover factors have an ordinary appropriation or not. According to Ghozali (2011), this normality assumption can be done by performing a normality test with statistical analysis according to the Kolmogorov-Smirnov (KS) test procedure. The consequences of ordinariness testing can be found in the accompanying table:

Table 3

Results of the Research Variable Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		165
Normal Parameters[a, b]	Mean	, 0000000
	Std. Deviation	, 03984038
Most Extreme Differences	Absolute	, 036
	Positive	, 036
	Negative	-, 030
Kolmogorov-Smirnov Z		, 464
Asymp. Sig. (2-tailed)		, 982

source: Research, (2018)

Based on the results of the statistical analysis of normality, it can be seen that the research variable has an Asymp Sig. (2-tailed) of 0.982 > 0.05 at the 95% degree of significance, it can be concluded that the data for each variable used in this study were normally distributed and met the requirements for further analysis.

Multicollinearity Test

The existence of multicollinearity is a violation of the classical assumption because it will cause the OLS estimator to be undetermined and the variants and standard errors to be infinite. To identify multicollinearity manifestations can be seen from the VIF (Change Swelling factor) esteem. On the off chance that the VIF esteem is under 10, there will be no muliticollinearity and if the VIF esteem is more prominent than or equivalent to 10, there will be multicollinearity. The multicollinearity test results can be found in the accompanying table:

Table 4
Multicollinearity Test Results
Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	, 312	, 014		21,558	, 000		
	Population	1,033E-10	, 000	, 026	, 110	, 913	, 104	9,634
	Minimum wage	4,567E-8	, 000	, 294	3,670	, 000	, 885	1,129
	Unemployment	1,635E-8	, 000	, 153	, 666	, 506	, 107	9,359

Source: Research, (2018)

In view of the outcomes above, it tends to be seen that the VIF estimation of all free factors is under 10.00, so it very well may be presumed that there is no multicollinearity.

Autocorrelation Test

In a regression analysis it is possible to have a relationship between the independent variables itself or to be self-correlated. Autocorrelation problem detection procedure using the Durbin Watson test.

Table 5
Autocorrelation Test Results
Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	, 487[a]	, 237	, 223	, 03201	1,832

source: Research, (2018)

In light of the aftereffects of the Durbin Watson test, the DW esteem was 1.832, while the du and dl limit esteems for this examination were n = 165 and k = 3, to be specific (dl = 1.708, du = 1.782, 4-dl = 2.292, 4-du = 2.218).

This implies that the DW esteem lies among du and 4-du, so it tends to be presumed that the relapse condition model doesn't contain autocorrelation issues.

Heteroscedasticity Test

Heteroscedasticity testing expects to decide the distinction in leftover difference from the perception time frame to another perception period. In the event that the fluctuation starting with one perception then onto the next is consistent, it is called homoscedasticity and in the event that it is distinctive it is called heteroscedasticity. In the event that the

importance esteem is more noteworthy than 0.05, the end is that there is no heteroscedasticity. In the event that the importance esteem is more modest than 0.05, the end is heteroscedasticity happens.

Table 6
Heteroscedasticity Test Results

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	, 047	, 008		5,762	, 000
	Population	-9,808E-10	, 000	-, 443	-1,862	, 064
	Minimum wage	-9,661E-9	, 000	-, 113	-1,386	, 168
	Unemployment	1,275E-8	, 000	, 217	, 927	, 355

*Coefficients*ᵃ

source: Research Results, 2018 (Processed)
In light of the consequences of the Heteroscedasticity test with the Glejser technique, the importance estimation of every autonomous variable is more noteworthy than 0.05, so it very well may be reasoned that there is no heteroscedasticity.

IV. CONCLUSION

1. **Conclusion**

   In light of the information investigation that has been done, it tends to be presumed that the factors that have been utilized by analysts to decide how the impact of every free factor (Populace X1, The lowest pay permitted by law X2 and Number of Joblessness X3) on Imbalance in Pay Appropriation, truth be told gotten results practically as per the examination speculation. The aftereffects of the information testing yield utilizing the SPSS program in the F test show that the Populace, The lowest pay permitted by law and Joblessness factors at the same time influence Disparity in Pay Conveyance, in the t test just the Lowest pay permitted by law variable partially affects Pay Appropriation Imbalance.

2. **Suggestion**
   a. One of the ways to increase income distribution is by implementing economic development. Therefore, it is necessary to carry out the implementation of economic development in a sustainable and good manner, because the implementation of economic development will encourage economic growth, increase the standard of living of community members and increase the distribution of income for the community.
   b. The government is expected to focus on pro-poor development policies without neglecting sustainable economic growth, with an emphasis on the development of the agricultural sector and the rural economy, promotion and development of the informal sector, development of small and medium enterprises (SMEs) through

local commodity industrial centers, agribusiness development and agro-industry to promote the agricultural sector.

c. Local governments also need to implement policies to increase labor and worker wages by re-adjusting to the current minimum decent living needs due to inflation through the policy of increasing the district minimum wage (UMK) to reduce the large income gap between workers and entrepreneurs that occurs especially in the modern and urban sectors.

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