

**ANALYSIS OF DETERMINANTS OF INTER-REGIONAL ECONOMIC
DEVELOPMENT INEQUALITY IN THE GERBANGKERTOSUSILA
REGION**

UNDERGRADUATE THESIS



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DEVELOPMENT ECONOMICS STUDY PRORAM

FACULTY ECONOMY AND BUSINESS

UNIVERSITAS PEMBANGUNAN NASIONAL VETERAN

JAWA TIMUR

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**Submitted in Partial Fulfillment of the Requirement for
the Degree of Bachelor of Economics**



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FOREWORD

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ABSTRACT

The Gerbangkertosusila Region contributes approximately 47 percent of East Java's total RGDP amounting to IDR 900,489 billion, yet behind this dominance lies a striking internal inequality, where Surabaya's average RGDP reaches nearly eight times the average RGDP of all regencies and cities in East Java, while Bangkalan Regency recorded only IDR 17,475 billion throughout the 2016–2025 period. However, a nominal RGDP comparison alone is insufficient to measure inequality quantitatively, as it does not account for the relative distribution across regions nor differences in population size, necessitating a more comprehensive measurement through the Williamson Index. The results show values that consistently increased from 0.801 in 2016 to 0.870 in 2025, entirely within the high inequality category, warranting an in-depth analysis of the factors influencing it. This study employs a quantitative approach with economic inequality as the dependent variable, and per capita RGDP, population size, investment, Open Unemployment Rate, and mean years of schooling as independent variables, analyzed using panel data regression with the Fixed Effect Model. The findings reveal that per capita RGDP and population size have a positive and significant effect on inequality, indicating that growth without equalization further widens regional disparities. Education also has a positive and significant effect contrary to the initial hypothesis, explained through the internal brain drain phenomenon toward core regions, while investment and Open Unemployment Rate showed no significant effect.

Keywords: Inter-Regional Economic Inequality, Williamson Index, Per Capita RGDP, Panel Data Regression, Gerbangkertosusila