

Regional Development Inequality and Its Impact on the Quality of Education in Indonesian Society

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ABSTRACT

Regional development inequality in Indonesia has become a major factor influencing the distribution of poverty across regions. This study aims to analyze the relationship between regional development inequality and poverty levels, as well as to identify the factors that drive equitable development. The method used is a qualitative literature review approach with secondary data obtained from national and international scientific articles indexed by Scopus over the past 10 years. The results show that development inequality, as reflected in the Human Development Index, Gini index, infrastructure, and regional competitiveness, contributes significantly to differences in poverty levels. Policies such as decentralization, the Village Fund program, infrastructure development, economic growth, investment, and community participation are the main factors driving equitable development. This study emphasizes the need for an integrated and sustainable approach so that national development can proceed inclusively and reduce socio-economic disparities across Indonesia.

Ketimpangan pembangunan daerah di Indonesia telah menjadi salah satu faktor utama yang memengaruhi distribusi kemiskinan antarwilayah. Penelitian ini bertujuan untuk menganalisis hubungan antara ketimpangan pembangunan daerah dan tingkat kemiskinan, serta mengidentifikasi faktor-faktor yang mendorong pemerataan pembangunan. Metode yang digunakan adalah pendekatan kualitatif melalui studi literatur dengan menggunakan data sekunder yang diperoleh dari artikel ilmiah nasional dan internasional terindeks Scopus dalam kurun waktu 10 tahun terakhir. Hasil penelitian menunjukkan bahwa ketimpangan pembangunan, yang tercermin melalui Indeks Pembangunan Manusia, indeks Gini, infrastruktur, dan daya saing daerah, memberikan kontribusi signifikan terhadap perbedaan tingkat kemiskinan. Kebijakan seperti desentralisasi, program Dana Desa, pembangunan infrastruktur, pertumbuhan ekonomi, investasi, dan partisipasi masyarakat menjadi faktor utama dalam mendorong pemerataan pembangunan. Penelitian ini menekankan perlunya pendekatan yang terintegrasi dan berkelanjutan agar pembangunan nasional dapat berjalan secara inklusif dan mampu mengurangi kesenjangan sosial ekonomi di seluruh wilayah Indonesia.

Keywords: education quality, Indonesian society, regional development, regional inequality

Introduction

Regional development inequality is one of the most persistent structural challenges in Indonesia and significantly affects not only the distribution of poverty but also the quality and accessibility of education across different regions. Although Indonesia has experienced sustained economic growth over the past few decades, disparities between regions particularly between western and eastern Indonesia remain a major obstacle to achieving inclusive development. These inequalities are not only economic in nature but are also rooted in geographic, social, and institutional differences that influence access to resources, infrastructure, public services, and educational opportunities. A number of studies indicate that uneven regional development leads to varying levels of poverty, where underdeveloped areas

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tend to face higher vulnerability due to limited economic capacity, poor educational facilities, and lower quality of human development (Agussalim et al., 2024; Wiranatakusuma & Primambudi, 2021).

The importance of this research lies in its contribution to understanding how regional inequality has implications for poverty, so that it can serve as a basis for formulating development policies that are more precisely targeted. Various policies have been implemented by the government, such as fiscal decentralization and increased public spending, however the inequality that still occurs shows that there is a gap between policy objectives and their implementation in the field. Decentralization, for example, is designed to empower local governments and encourage the equal distribution of development, but in reality differences in regional capacity and the quality of institutions actually limit its effectiveness in reducing inequality and poverty (Aji et al., 2021; Aritenang & Chandramidi, 2023). This indicates the need for a more in depth analysis regarding the interaction between policies and regional characteristics.

Conceptually, regional development inequality refers to the uneven distribution of economic growth, infrastructure development, and social welfare across regions. Empirical studies show that factors such as Gross Regional Domestic Product (GRDP), the distribution of investment, and labor dynamics play an important role in shaping inequality between provinces. (Hakim & Rosini, 2022; Walujadi et al., 2022). In addition, spatial analysis reveals that regions with high levels of economic output often tend to have greater income inequality, indicating that economic growth does not automatically lead to equity (Lusiana et al., 2022). This finding challenges the classical assumption that economic growth will directly reduce poverty, by emphasizing that inequality acts as a mediating variable.

In addition to economic factors, social aspects such as education and health also have a major influence on poverty levels. Regions with a low Human Development Index (HDI) tend to have higher poverty rates, indicating the importance of human resource development in poverty alleviation efforts (Wiranatakusuma & Primambudi, 2021). On the other hand, infrastructure development and improvements in regional competitiveness have also been proven to be important factors in encouraging economic growth and reducing poverty, particularly in underdeveloped areas (Harsono & Gunawan, 2025). Nevertheless, inequality in access to infrastructure and public services remains a factor that reinforces disparities between regions.

Various previous studies have made important contributions in explaining the relationship between inequality and poverty in Indonesia; however, several research gaps still exist. Most studies focus on the effects of fiscal policy and economic growth on poverty, but not many have comprehensively integrated spatial, social, and institutional dimensions. In addition, the role of regional competitiveness and infrastructure development as variables that mediate the relationship between inequality and poverty still needs further examination. Therefore, this study aims to fill this gap by adopting a more holistic approach in understanding the dynamics of regional development in Indonesia.

This study aims to analyze the extent to which regional development inequality affects poverty levels in Indonesia and to identify the main factors that can promote more inclusive and equitable development. It is expected that the results of this study will emphasize the importance of more targeted policy interventions, particularly in improving infrastructure, the quality of human resources, and institutional capacity in underdeveloped regions, in order to reduce poverty and achieve equitable national development.

Methods

This study employs a qualitative approach using a literature review method to analyze regional development inequality and its impact on poverty levels in Indonesia. This approach was chosen because the study aims to examine, compare, and synthesize various findings from relevant previous studies within the last 10 years. The data used in this study are secondary data obtained from scientific articles in national and international journals indexed by Scopus. This study is limited to a literature review and therefore does not involve primary data. Through this method, the study is expected to provide a comprehensive overview of regional development inequality and its influence on poverty levels in Indonesia, as well as to offer a conceptual foundation for future research.

Result and Discussion

Regional Development Inequality Affects Poverty Levels in Indonesia

Regional development inequality has long been recognized as one of the main factors influencing differences in poverty levels in Indonesia. Over the past decade, various empirical studies have shown that the unequal distribution of economic resources, human development, and infrastructure across regions contributes significantly to high poverty levels, especially in underdeveloped areas. This section discusses how various indicators, government policies, and socio-economic factors interact in shaping the relationship between regional inequality and poverty.

One of the main indicators of regional development inequality is the Human Development Index (HDI), which reflects disparities in education, health, and income. Although Indonesia's HDI has generally increased, disparities between regions remain quite significant, particularly between Java Island and areas outside Java. This indicates that aggregate development improvements have not fully resulted in equitable welfare, as there are still regions lagging behind in access to education and health services (Zuhro et al., 2026). As a result, regions with low HDI tend to have higher poverty levels, emphasizing the importance of human resource development in reducing poverty.

In addition to HDI, income inequality measured by the Gini index also illustrates the uneven distribution of economic resources. Indonesia's Gini coefficient, which ranges from 0.39 to 0.40, indicates a moderate level of inequality, but it exhibits a clustered spatial pattern, where regions with similar levels of inequality tend to be located within the same geographical area. Provinces on Java Island, for example, show relatively higher levels of inequality compared to other regions (Lusiana et al., 2022; Nurlambang, 2018). This condition indicates that economic growth is often concentrated in certain regions and is not evenly distributed across all areas, so poverty reduction does not occur optimally.

The relationship between economic growth and poverty reduction in Indonesia is complex and often mediated by the level of regional inequality. Although economic growth has been proven to reduce poverty, its effectiveness largely depends on the sector and geographical distribution of that growth. Growth in the non-agricultural sector, for example, has a greater impact on poverty reduction, but it is generally concentrated in urban and developed areas, causing rural and remote areas to lag behind (Miranti, 2017). In addition, regions far from economic centers such as Jakarta tend to have higher poverty levels due to limited access to markets, infrastructure, and investment opportunities (Feriyanto et al., 2020). This shows that economic growth alone is not sufficient to overcome poverty without equitable distribution.

Government policies, particularly fiscal decentralization, have been implemented to reduce regional inequality. Since the implementation of decentralization, local governments have been granted greater authority to manage resources and design development programs. However, various studies show that the effectiveness of decentralization in reducing poverty remains varied. Regional revenues and intergovernmental transfers have been shown to contribute to poverty reduction, but overall government expenditure has not consistently shown results (Aritenang & Chandramidi, 2023; Nursini, 2019). This indicates that the quality and targeting of public spending are more important than the size of the budget.

One policy that has been quite successful is the Village Fund program, which has contributed to reducing poverty and income inequality at the local level. Through direct fund distribution to villages, this program supports infrastructure development, job creation, and community welfare improvement (Rachma et al., 2019). However, differences in management capacity across regions result in uneven benefits from the program, which again highlights the importance of institutional quality in development.

Socio-economic factors such as education, employment, and investment also play an important role in the relationship between regional inequality and poverty. Access to quality education greatly influences employment opportunities and income improvement. However, unequal access to education across regions exacerbates existing disparities (Hakim & Rosini, 2022). In addition, unemployment rates have a direct relationship with poverty, where higher unemployment leads to higher poverty levels (Feriyanto et al., 2020). In this regard, regional competitiveness becomes an important factor, as regions with better economic performance and stronger labor markets tend to have lower poverty levels (Harsono et al., 2025).

Infrastructure development is also an important factor in determining levels of regional inequality and poverty. Investment in transportation, communication, and public services can improve connectivity and open up new economic opportunities. However, infrastructure development in Indonesia is still largely concentrated in certain regions, particularly Java Island, causing other areas to lag behind in access and development benefits. This inequality limits the ability of underdeveloped regions to participate in national economic growth, resulting in persistently high poverty levels (Agussalim et al., 2024).

In addition to the role of the government, non-governmental organizations (NGOs) and international aid also contribute to addressing regional inequality and poverty. NGOs often implement programs targeting remote areas and vulnerable communities, thereby helping to bridge service gaps not reached by the government. Meanwhile, international aid supports various development projects aimed at reducing poverty and inequality. However, its effectiveness largely depends on alignment with local needs and coordination with government policies (Prasetyo & Gartika, 2021). Without this, implemented programs risk being unsustainable.

Regional development inequality in Indonesia is a multidimensional issue that significantly affects poverty levels. Indicators such as HDI and the Gini index reveal substantial disparities, while economic growth, fiscal policy, and socio-economic factors interact in complex ways in determining poverty levels. Although various policies have been implemented, their effectiveness remains limited by differences in regional capacity and institutional challenges. Therefore, a more comprehensive and integrated approach is needed to address regional inequality, so that development can proceed more evenly and equitably across Indonesia.

Factors Driving Equitable Development in Indonesia

Equitable development in Indonesia over the past decade has been influenced by a combination of government policies, socio-economic dynamics, and external support. Although progress has been made in reducing regional disparities and poverty, efforts to achieve inclusive and equitable development still face various challenges. This discussion outlines the main factors that play a role in promoting equitable development based on various empirical studies and recent policy analyses.

One of the most important factors is government policy, particularly the implementation of decentralization. Since the reform era, decentralization has aimed to distribute authority and resources from the central government to local governments, thereby enabling development planning that is more aligned with local needs. Research shows that decentralization contributes to improving regional development, especially in marginal areas, as local governments can be more responsive to local socio-economic conditions (Nurlambang, 2018). However, the success of this policy largely depends on governance capacity in each region, which remains uneven.

In addition to decentralization, the Village Fund policy has become an important instrument in promoting equitable development. This program enables the direct distribution of funds to villages to support infrastructure development, social services, and community economic activities. Studies show that the Village Fund plays a significant role in reducing poverty levels and income inequality, particularly in rural areas (Rachma et al., 2019). This community-based approach also strengthens bottom-up development and helps reduce disparities between urban and rural areas.

Another important factor is infrastructure development, which has become a government priority in improving connectivity and regional competitiveness. Investments in transportation, energy, and communication sectors have opened access to markets, public services, and economic opportunities, especially in remote areas. However, infrastructure development still faces challenges such as budget constraints, uneven distribution, and suboptimal planning (Anggraini & Pratama, 2025). Nevertheless, infrastructure remains a key factor in accelerating equitable development.

Economic growth also plays a role in promoting equity, although its impact is not always evenly distributed. Indonesia has experienced relatively stable economic growth, driven by consumption, exports, and government spending (Syah et al., 2022). However, the benefits of this growth have not been fully experienced by all segments of society. The middle class has grown, while low-income communities still face limitations in purchasing power and access to economic opportunities (Pardede & Zahro, 2017). This indicates that economic growth must be accompanied by redistributive policies to become more inclusive.

In this regard, foreign investment and international aid also contribute to equitable development. Foreign direct investment (FDI) can create jobs and stimulate economic activity, as well as potentially reduce inequality if managed properly (Handayani et al., 2022). Meanwhile, international aid supports various development projects, particularly in infrastructure and poverty reduction (Arnakim et al., 2024). However, its effectiveness depends heavily on good governance and alignment with local needs.

Another factor is community participation and social inclusion, which are increasingly emphasized in the development process. Community involvement in decision-making helps ensure that development programs are better aligned with local needs. In addition, social movements advocating for marginalized groups also promote social justice and reduce

exclusion, particularly in the post-New Order era (Tadjoeddin, 2019). This participatory approach contributes to more inclusive and sustainable development.

Furthermore, human resource development and social infrastructure are also crucial in promoting equity. Investment in education, health, and social services can improve productivity and quality of life, especially in underdeveloped regions. Research shows that human capital and social infrastructure have a significant influence on economic growth and income distribution (Agbolosoo et al., 2025). In this context, alignment with the Sustainable Development Goals (SDGs), particularly quality education (SDG 4) and reduced inequalities (SDG 10), is very important (Rozikin et al., 2025).

Despite these contributing factors, several challenges still hinder equitable development in Indonesia. Issues such as corruption, weak institutional capacity, and unequal access to social services remain major obstacles. In addition, differences in regional capacity to manage resources also result in uneven development outcomes. Therefore, policy reforms emphasizing transparency, accountability, and inclusiveness in development planning are needed (Tadjoeddin, 2019).

Equitable development in Indonesia over the past decade has been influenced by various factors, namely decentralization policies, the Village Fund program, infrastructure development, economic growth, the role of investment, and community participation. Although these factors have shown positive results, their effectiveness largely depends on the quality of governance and policy implementation. Therefore, a holistic and integrated approach is essential so that the benefits of development can be felt fairly by all communities across various regions of Indonesia.

Conclusion

Regional development inequality significantly affects poverty levels in Indonesia. Indicators such as the Human Development Index (HDI) and the Gini coefficient show that substantial disparities still exist between developed regions, particularly Java Island, and underdeveloped regions outside Java. Economic growth, although positive, does not always have an even impact on poverty reduction due to the distribution of benefits that tends to be concentrated in certain regions.

Government policies, such as fiscal decentralization and the Village Fund program, have been proven to make a real contribution to reducing inequality and poverty; however, their effectiveness largely depends on regional institutional capacity and the accuracy of public spending targeting. Socio-economic factors, such as access to education, employment, and infrastructure development, also influence the extent to which regions can participate in national economic growth.

In addition, community participation, the role of non-governmental organizations, and international aid serve as important complements in promoting equitable development, especially in remote and vulnerable areas. Nevertheless, challenges such as corruption, weak institutional capacity, and unequal access to social services remain major obstacles. Therefore, a holistic and integrated development approach is required, encompassing well-targeted fiscal policies, equitable infrastructure investment, strengthening human and institutional capacity, and active community involvement. This approach is expected to produce more just, inclusive, and sustainable development, so that all regions in Indonesia can equally benefit from development.

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