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THE EFFECT OF SHARIA MICROFINANCE, MINIMUM WAGES, ECONOMIC GROWTH, AND HUMAN DEVELOPMENT INDEX ON INCOME INEQUALITY IN INDONESIA

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Abstract

Income inequality remains a serious problem in the Indonesian economy. To achieve equitable social welfare, the government is striving to reduce income inequality in Indonesia. This study aims to analyze the influence of Islamic microfinance, minimum wages, economic growth, and the Human Development Index (HDI) on income inequality in Indonesia. Data used ranges from 2020 to 2024 across 17 provinces in Indonesia. The research method used is a panel data regression analysis model with the selected model being the Fixed Effects Model (FEM). The results of this study indicate that Islamic microfinance and human development index have a negative effect on income inequality in Indonesia, the minimum wage has a positive effect on income inequality in Indonesia and economic growth has no effect on income inequality in Indonesia.

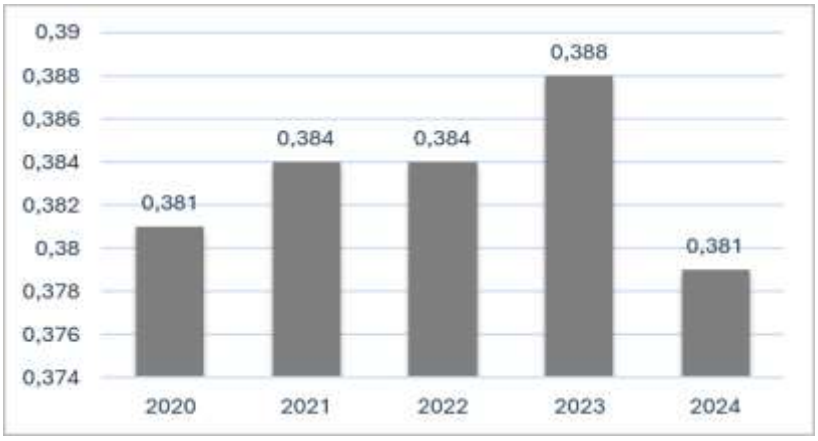
Keywords *: Income Inequality, Gini Index, Sharia Microfinance, Minimum Wage, Economic Growth, Human Development Index.*

1. Introduction

developing countries like Indonesia, the problem inequality income be one of things that are not can avoided. Instability the country's economy can also seen through number high inequality (Ahmad & Triani, 2019) . The gap economy and social can seen through a number of corner view, such as in matter wealth, rank, class, income as well as citizenship. The occurrence centralization wealth and income can cause impact negative to growth economy term long, so that inequality income become issue important things that need to be done paid attention to by every country, including Indonesia (Marbun, 2018) .

According to the Central Statistics Agency (2024) inequality income is conditions that indicate existence inequality distribution income between individual in society. Inequality the furthermore can associated with the concept of income " fairness, " where will No fair when the rich in an area have proportion far away income more tall compared to with all over its population (Sungkar et al., 2015) . Level of inequality income measured use index like this For describe level inequality distribution income in Indonesia. Index like this is something the size used For evaluate whether distribution income in an unequal region or evenly distributed. The level of inequality income stated in range mark between 0 and 1, where mark index like this of 0 indicates equality perfect whereas value 1 indicates inequality perfect (Damanik et al., 2018) .

Figure 1. Gini Index in Indonesia 2020-2024



Source : Central Statistics Agency (processed data, 2025)

Level of inequality income in Indonesia is measured with index Gini in 2020-2024 is still is in the range of 0.38–0.40. Although level inequality income experience decline, number the Still is in the category while showing problem inequality income Not yet capable handled with good and distribution income Not yet evenly optimally, where some of small resident control part big wealth, while majority life in poor conditions prosperous (BPS, 2024).

Various effort has done government For reduce inequality with various development plans, policies and programs. However problem inequality is problem multidimensional so that need effort comprehensive that can covers all over aspects that can influence inequality (Nalle & Kiha, 2018) . Failure formal institutions in reduce inequality cause shift thinking related development and lead to the emergence of finance micro (Javid & Abrar, 2015) . Financing micro syariah adheres to the principle justice and equality economy in Islam, which aims For avoid concentration wealth and encourage circulation assets in society (Syarifuddin & Sahidin, 2021) . Concept justice economy according to Ibn Khaldun no only emphasize on aspects distribution ownership, but also emphasizes role active state in supervise market mechanisms and money management so as not to happen accumulation excessive wealth that can be cause inequality (Nurdiansyah & Andani, 2022) .

Financing micro sharia is disbursed financing based on sharia principles, such as for results (mudharabah and musyarakah), sale buy (murabahah), rent (ijarah)

and without involving interest (riba) (Wardiyah, 2019) . Prohibition usury ensure that customers No burdened by suffocating interest rates, especially moment business they experience failure or loss. In scheme for results (mudharabah or musyarakah), if business loss, loss covered together. This is reduce risk total bankruptcy among poor and vulnerable communities, preventing they fall to in debt cycle, and keeping stability income they, who in the end pressing inequality (Musaiyana et al., 2025). Research (Miled et al., 2022) show that finance micro influential negative to inequality income. Loans higher gross per capita tall tend own level inequality more income low. Research results Similar research was also carried out by (Mwakalila & Muba, 2025) and (Wardhana et al., 2020) who stated that micro bank loans influential negative and significant to inequality income.

The next factor that can influence inequality income that is minimum wage. Minimum wage is the wage limit lowest accepted worker as reward on work done, as well as functioning as reference for company or perpetrator business in set magnitude wages for power his work (Fanshuri & Saputra, 2022) . According to Sutiono & Syafitri (2018), minimum wages can reduce gap through creation field work. This is happen Because increase high minimum wage tend interesting interest candidate power Work For look for work, so that impact on increasing productivity power Work. This matter supported by research (Sulistyaningrum et al., 2022) , (Raziq & El Hasanah, 2023) and (Meidiyan et al., 2025) which shows that minimum wage has an effect negative significant to inequality income.

In addition to the minimum wage, growth economy is also one of the factor affecting inequality income. Growth economy reflect the process of change condition economy a country or region as a whole sustainable going to more circumstances Good in term time certain (Yunianto, 2021) . Increasingly tall level growth economy, then the more the level also increases welfare society. However, the relationship between growth economics and inequality income No always linear. According to Lunberg and Squire in (Hendarmin, 2019) state that improvement growth economy potential push increasing inequality income, which shows that the more tall growth economy, then inequality income tend getting bigger. Research (Rodionov et al., 2018) state that growth economy influential negative to inequality income. This is means the more tall mark growth economy so will lower level inequality income. Research This supported by research conducted by (AS Putri & Anggraini, 2024) , (Budiarto et al., 2024), (Novia & Utomo, 2022) . These results different with research conducted by (Helmy et al. , 2024) , (Yoertiara & Feriyanto, 2022) , (Sulistyaningrum et al., 2022) , (Fitriani et al., 2018) which shows that growth economy No own influence to inequality income.

Next, the factors that influence level inequality income is quality source Power measured human through Human Development Index. Based on Law No. 33 of 2004, the HDI is variables that reflect level achievement welfare resident in field education, health and welfare community. IPM is index that assesses achievements development man based on a number of component base quality life. According to BPS (2024) the components the covering age long and lively healthy, knowledgeable, and standard a

decent life. Third component the is dimensions important in welfare public (Mudana & Purbadharmaja, 2024) . Human Development Index reflect investment an area in human capital that is theoretical can contribute to the improvement productivity and in turn reduce inequality income (Tarmidzi, 2012) . Research that supports done (Helmy et al., 2024) , (Meidiyan et al., 2025) , (Makipantung et al., 2023) and (Farhan & Sugianto, 2022) which revealed that the HDI has a negative and significant effect to inequality income. Research the No in line with study (Sulistyaningrum et al., 2022) , (Febriyani & Anis, 2022) and (Irawan et al., 2024) who revealed that HDI has an effect positive to inequality income.

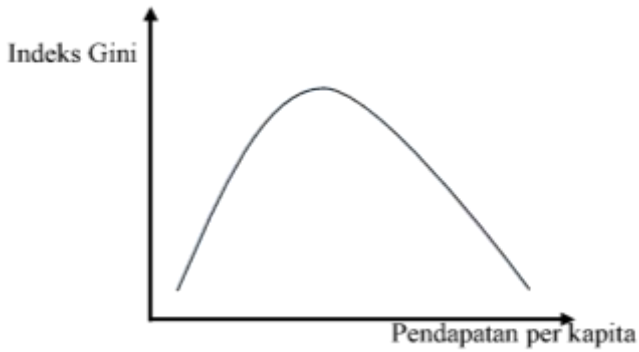
Research purposes is For analyze influence financing micro sharia, minimum wage, growth economy and index development man to inequality income in Indonesia. So that expected can give contribution for government as material consideration in formulate policy better economy inclusive and sustainable, in order to address inequality income being one problem main in development economy and improvement welfare social in Indonesia.

2. Literature review

2.1. Kuznet's Theory (Inverted U-Curve)

Inequality theory income proposed by Simon Kuznet in 1995, which is known as an Inverted U-Curve, explains that at this stage beginning growth economy, inequality income tend increase consequence from development economy that has not yet evenly. Along with progress achieved a country, inequality income tend experience decline. Phenomenon This generally occurs in developing countries, where the larger areas proceed capable utilise opportunity development in a way more optimal than with underdeveloped areas, which often experience limitations consequence lack of infrastructure adequate and quality source Power more human low (Farhan & Sugianto, 2022) . The following is Inverted U- curve which is hypothesis from theory Kuznets :

Figure 2. Inverted U-Curve of Kuznet's Theory



2.2. Theory of Islamic Economic Justice

The theory of Islamic Economic Justice put forward by Ibnu Khaldun in Muqaddimah, emphasizes importance equality distribution riches as foundation growth sustainable economy and efforts in reduce gap social (Lubis et al., 2025). This marked when financing distributed in a way productive to group vulnerable,

no only push activity economy on a scale micro, but also can contribute to improvement capacity economy national in a way as a whole, so that can pressing level poverty in a way structural. Justice in Islamic economics is rooted in the principles of tawhid (the oneness of Allah), khilafah (trust). management source power), and maslahah (welfare general) (Fitri et al., 2025) . Justice economy is one of the main pillars in system Islamic economics which aims For create welfare for all over people human beings. Justice the reflected through distribution equitable distribution of wealth and management source power that ensures every individual get their rights and contribute in reduce inequality income (Ningsih & Mawardi, 2025) .

2.3. Inequality Income

Inequality income defined as difference level income between group public and between developed regions and developing regions left behind (Prasetya et al., 2022) . Inequality income is a concept that describes difference level wealth, level life and income individual or House ladder in society, which ultimately cause imbalance distribution between regions due to difference factor production and availability source Power (Elverbinta Br et al., 2022) . The more big difference level income said, then the more high variation in distribution income

2.4. Financing Micro Sharia

Financing micro sharia is part from system Islamic finance which aims For give access finance in a way fair and free usury to public income low (Rumasukun & Hanifah, 2025) . System This based on sharia principles such as justice, mutual assistance (ta'awun), and partnership (syirkah) between fund providers and recipients benefits. Form general financing used covering contract murabahah (selling) buy with profit margin), mudharabah (for results), and musyarakah (business capital partnership).

2.5. Minimum wage

Wages according to the Employment Law as listed in Article 1 paragraph 1 of the Law Number 13 of 2003, wages is right worker or workers who are accepted and declared in form of money as reward from giver work. The wages set and paid based on agreement Work or provision regulation legislation, including allowance for worker or laborer along with his family on work and/or services that have been or will implemented. The minimum wage is the standard limit the lowest that is used reference by entrepreneurs or perpetrator industry in set wages to workers in the environment business or place his work (Rosandi et al., 2017) .

2.6. Economic growth

According to (Mulyani, 2017) growth economy is an ongoing process of change in a way sustainable in condition economics and finance a country that is moving towards improvement welfare during period certain. According to (Sukirno, 2019) growth economy is development activity economy from time to time and cause income real national changes. According to Arsyad in (Andiny & Mandasari, 2017) growth economy is improvement Product Gross Domestic Product (GDP)

without see increase the more big or more small from level growth amount population, and it happened change structure economy or system institutional.

2.7. Human Development Index

Human Development Index (HDI) is tool For evaluate performance development man with approach three dimensions base. According to the Central Statistics Agency (2024), there are three indicators used For evaluate Human Development Index (HDI) namely age long and lively healthy (long and healthy life), knowledge, and standards life decent standard of living (Mudana & Purbadharmaja, 2024) . Age long and lively Healthy measured through number hope life. Knowledge measured with level awake letters and years of education. Whereas standard life worthy mirrored through expenditure per capita real (Khaeni, 2023) .

3. Research methods

Data used in study This is panel data that comes from from report data annual report at the Central Statistics Agency and the Financial Services Authority 2020-2024 period. Population in study This is all over provinces in Indonesia during period 2020-2024. And based on various consideration or criteria that have been determined, then obtained sample study as many as 17 provinces of the 34 provinces in Indonesia that meet the requirements criteria, so that the observation data used as many as 85 observation data. Research This use four variables main defined as following : First, inequality income (Y) as variables measured dependent from number index like this with mark range between 0 (evenly perfect) to 1 (uneven) perfect). Second, financing micro sharia (X1) which is measured from level percentage disbursed financing. Second, the minimum wage (X3) is measured in unit million rupiah. Third, growth economy (X3) is measured using GRDP rate data at constant prices. Fourth, the Human Development Index (X4) as indicator development human beings who are combination from dimensions health, education, and standards life. Data analysis methods in study This use analysis multiple linear regression with Microsoft Excel and Eviews 12 software assistance.

4. Results and Discussion

4.1. Research result

4.1.1 Analysis Descriptive

Analysis descriptive used For describe the data that has been collected as existence without own Meaning For make generalizing conclusions or valid general. Function from analysis descriptive Alone useful For know characteristics from every variables studied, including is know minimum, maximum, average (mean) and standard values deviation from variables studied.

Table 1. Analysis Test Results Descriptive

	Gini Index	PMS	UM	PE	HDI
Mean	0.359341	0.225071	14.78816	3,144	74.04941
Median	0.361	0.159	14.81485	4.55	72.94
Maximum	0.449	5,247	15.43833	6.95	83.08
Minimum	0.301	-0.543	14.34885	-9.34	68.25
Std. Dev.	0.037713	0.626896	0.250012	3.115288	3.453156

Based on analysis test results descriptive above, obtained the average from index like this is of 0.359341, with mark standard deviation of 0.037713. Variable financing micro syariah shows the average value is 0.225071 with mark standard deviation of 0.626896. Variable minimum wage shows the average value is 14.78816 with mark standard deviation of 0.250012. Variable growth economy show average value of 3.144 with mark standard deviation of 3.115288. Variable Human Development Index show the average value is 74.04941 with standard deviation is 3.453156.

4.1.2 Model selection test results

1. Chow Test

Chow test is performed with taking decision through results *Cross-Section Chi-Square,* if mark the probability more small from 0.05 then study This will use *Fixed Effect Model* and need perform the Hausman test. As for what happened on the contrary mark the probability more big from 0.05 then the model used is *Common Effect Model* and not need Hausman test was carried out (Widarjono, 2018) .

Table 2. Chow Test Results

Effect Test	Prob.
Cross-section F	0.0000
Cross-section Chi-Square	0.0000

Based on table above, value probability *Cross Section Chi-Square* is of 0.0000 < 0.05. The results above prove that the selected model is *Fixed Effect Model (FEM).*

2. Hausman test

Determination of *the Hausman* test can seen with mark the resulting probability. If the value probability not enough from 0.05 then study This more appropriate use *Fixed Effect Model.* However on the other hand, if mark probability more than 0.05 then the model is better appropriate For used in study This is *Random Effect Model* (Widarjono, 2018) .

Table 3. Hausman Test Results

Test Summary	Prob.
Cross-section Random	**0.0001**

Based on the table above, can seen that mark The probability of a random cross-section is 0.0000 < 0.05. The results above prove that the selected model is *Fixed Effect Model* (FEM).

4.1.3 Assumption Test Results Classic

1. Multicollinearity Test

Multicollinearity Test aim For determine whether there is significant linear relationship between variables independent (Ghozali, 2016). This testing process involving analysis coefficient correlation between every partner variables independent. In study this is a multicollinearity test implemented with see *correlation matrix.* If the value *correlation matrix* not enough from 0.85 then No own indication existence symptom multicollinearity.

Table 4. Multicollinearity Test Results

	PMS	UM	PE	HDI
PMS	1,000,000	0.267142	-0.166716	0.289260
UM	0. 267142	1,000,000	0.122527	0.307635
PE	-0.166716	0.122527	1,000,000	0.129356
HDI	0.289260	0.307635	0.129356	1,000,000

Based on testing multicollinearity above, the results state that all over mark coefficient correlation not enough from 0.85, namely around 0.267142, -0.166716, 0.289260, 0.122527, 0.307635 and 0.129356. So we can concluded in study this is a regression model No happen phenomenon multicollinearity.

2. Heteroscedasticity Test

In study this, heteroscedasticity done with using the *White* Test. If the value probability not enough from 0.05 then there is symptom heteroscedasticity. However, if mark probability more from 0.05 then No there is symptom heteroscedasticity or also called homoscedasticity (Ghozali, 2016).

Table 5. Heteroscedasticity Test Results

F-statistic	0.808168	**Prob. F**	0.6576
Obs *R-squared	11.82718	**Chi-Square Prob.**	0.6202
Scaled explained SS	7.147086	**Chi-Square Prob.**	0.9089

From the results analysis heteroscedasticity using the *White* Test as depicted in table above, Chi-Square Probability on Obs * R- squared is of 0.6202 indicates numbers that exceed level significance 0.05 (0.6202 > 0.05).

With thus, it can concluded that No there is symptom heteroscedasticity in the model framework used in study This.

4.1.4 Multiple Linear Regression Test Results

Multiple Linear Regression Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.357219	0.444107	-0.804354	0.4242
PMS	-0.003799	0.001672	-2.272531	0.0264
UM	0.103035	0.045242	2.277437	0.0261
PE	0.000634	0.000399	1.589646	0.1168
HDI	-0.010915	0.003501	-3.117748	0.0027
R-squared	0.969182			
Adjusted R-square	0.959551			
F-statistic	100.6357			
Prob (F-statistic)	0.000000			

In regression Influence Financing Sharia Microfinance, Minimum Wages, Economic Growth and Human Development Index To Inequality Income in Indonesia with use the following Fixed Effect Model (FEM) method is results panel data regression :

Index = -0.357219 − 0.003799 + 0.103035 + 0.000634 − 0.010915 + E

The result of the equation regression on can explained as following :

1. Constant value is -0.357219. This means that in a way general, Financing Sharia Microfinance, Minimum Wages, Economic Growth and Human Development Index To Inequality Income worth constant (no changed), then Inequality Income (Y) will is worth -0.357219.
2. Variables financing micro sharia (X1) has mark coefficient regression negative of -0.003799. This is means that If happen increase mark Financing Micro Syariah is 1 percent, then will cause decline mark Inequality Income by -0.003799 percent, and so on on the contrary.
3. Minimum Wage Variable (X2) has mark coefficient regression positive of 0.103035. This is means that If happen increase Minimum Wage value of 1 percent, then will cause improvement Inequality Income by 0.103035 percent, and so on on the contrary.
4. Variables Economic Growth (X3) has mark coefficient regression positive of 0.000634. This is means that If happen increase mark Economic growth of 1 percent, then will cause improvement mark Inequality Income by 0.000634 percent, and so on on the contrary.
5. Variables The Human Development Index (X4) has mark coefficient regression negative of -0.010915. This is means that If happen increase

mark Human Development Index by 1 percent, then will cause decline mark Inequality Income by -0.010915 percent, and so on on the contrary.

4.1.5 Hypothesis Testing

Statistical T Test

1. Influence Financing Micro Sharia Against Inequality Income

   Test results on variables Financing Micro Syariah (X1) is obtained mark probability of 0.0264 < 0.05 with mark coefficient of -0.003799. This result show that variables financing influential micro sharia negative significant to inequality income in Indonesia. Where when financing micro sharia is experiencing increase so inequality income will experience decrease and vice versa. So that can it is said hypothesis This accepted.
2. The Impact of Minimum Wages on Inequality Income

   test results on the Minimum Wage variable (X2) were obtained mark probability of 0.0261 < 0.05 with mark coefficient of 0.103035 This result show that minimum wage has an effect positive significant to inequality income in Indonesia. Where when minimum wage is experiencing increase so inequality income will experience increase and vice versa. So that can it is said hypothesis This rejected.
3. Influence Economic Growth Against Inequality Income

   The results of the t-test on the variables Economic Growth (X3) is obtained mark probability of 0.1168 < 0.05 with mark coefficient of 0.000634. This result show that variables growth economy No influential to inequality income in Indonesia. Where when growth economy experience increase so inequality income will experience increase and vice versa. So that can it is said hypothesis This rejected.
4. Influence Human Development Index To Inequality Income

   The results of the t-test on the variables Human Development Index (X4) is obtained mark probability of 0.0027 < 0.05 with mark coefficient of - 0.010915. This result show that variables index development man influential negative significant to inequality income in Indonesia. Where when index development man experience increase so inequality income will experience increase and vice versa. So that can it is said hypothesis This accepted.

Statistic Test

Table 7. Results of the F- Statistics Test

F-statistic	100.6357
Prob (F-statistic)	0.000000
F table	2,717

Based on table above, obtained F- Statistics results or F- count amounting to 100.6357 with mark probability of 0.000000. The value of n = 85 and k = 4, the F- table value obtained of 2.717 with df1 (k-1) = 3 and df2 (nk) = 81. The F- count value > F- table (100.6357 > 2.717) and the F-table value probability < 0.05 (0.000000 < 0.05) then can concluded that variables independent in a way simultaneous influential significant to variables dependent

Coefficient Test Determination

Table 8. Coefficient Test Results Determination

R-squared	0.969182
Adjust R-squared	0.959551

Based on results regression with *Fixed Effect Model,* known that mark *Adjusted R-squared* of 0.959551 or 95.95%. This is show that variation variables bound that is Inequality Income can explained by variables free that is Financing Sharia Microfinance, Minimum Wages, Economic Growth and Human Development Index of 95.95%, while the remaining 4.05% is influenced by other factors outside from variables studied.

4.2. Discussion

1. Influence Financing Micro Sharia towards Inequality Income

Based on the results of the tests carried out were obtained that variables financing micro sharia (X1) has an effect negative and significant to inequality income (Y). This is indicated by the value coefficient of -0.003799 with mark significance of 0.0264 < 0.05. This result show that financing micro sharia has influence significant in reduce inequality income in Indonesia. The role of financing micro sharia is expected can narrow down gap income with open access capital for group public earning low and perpetrator business that does not own access banking Because height cost transactions charged by banks (Iqbal et al., 2015) .

This matter in line with theory justice distribution in Islamic economics put forward by Ibn Khaldun, who emphasized importance distribution equitable wealth and empowerment group vulnerable. With existence access to sharia funds, poor individuals can start or develop business productive. Increase income from business This in a way direct lift they go out from the poverty line and reduce distance income with richer groups, so that lower inequality income (Syarifuddin & Sahidin, 2021). Research results This in line with study (Miled et al., 2022) which shows that the country with loan higher gross per capita tall tend own level inequality more income low. Finance micro proven help increase position income for poor people, even though in a way gradually. Research results

Similar research was also carried out by (Mwakalila & Muba, 2025) and (Wardhana et al., 2020) who stated that micro bank loans to institutions finance micro influential negative and significant to inequality.

2. The Impact of Minimum Wages on Inequality Income

Based on the results of the tests carried out were obtained that Minimum Wage variable (X2) has an effect positive and significant to inequality income (Y). This is indicated by the value coefficient of 0.103035 with mark significance of 0.0261 < 0.05. Findings This show that minimum wage set by the government Not yet give impact significant in lower inequality income in Indonesia. Findings This in line with results study (Helmy et al., 2024) which states that improvement minimum wage tends to increase inequality income. This Because minimum wage in general only impact on the formal sector while informal sectors such as farmers, fishermen and informal workers do not in a way direct feel its influence. Other research conducted (RN Putri & Hanifa, 2024) also shows that minimum wage has an effect positive to inequality income.

Based on policy increase minimum wage as stipulated in the Republic of Indonesia Minister of Manpower Regulation No. 18 of 2022 which aims to For increase welfare workers, in study This show that policy This tend enlarge inequality income Because benefit from increase this minimum wage more felt by workers formal sector, especially in urban areas, while worker the dominant informal sector in rural areas No enjoy equivalent impact. This is strengthened with data from BPS (2024), where worker the informal sector in Indonesia is more dominant that is by 59.17% compared to with formal workers amounted to 40.83%. People working in the informal sector do not get protection or benefit direct from policy minimum wages are set, as a result increase minimum wage no as well as immediately reduce inequality precisely will cause energy market imbalance Work If No accompanied by with policy safety social other.

3. Influence Economic Growth against Inequality Income

Based on the results of the tests carried out were obtained that variables Economic Growth (X3) no influential to inequality income (Y). This is indicated by the value significance of 0.1168 > 0.05. Findings This show that growth economy Not yet give impact significant in lower inequality income in Indonesia. It's not significant influence growth economy to inequality income caused by the rate growth the economy is still fluctuating as well as Not yet spread in a way evenly between area. Findings This in line with study (Helmy et al., 2024) that growth economy No influential to inequality income. One of the factor main from decline inequality economy is equality income. If income Not yet evenly so inequality tend No experience decline. Other research that supports

results study the conducted by (Sulistyaningrum et al., 2022) and (Yoertiara & Feriyanto, 2022) which stated that up or the decline growth economy No influence level inequality distribution income.

Research result This supported by Kuznet's Theory (1955) which is known as an " Inverted U Curve " where increasing inequality income caused by growth economy more driven by the sector capital intensive which only capable absorb part small power Work with relative wages high, while part big resident still are in the informal sector with income low. Condition This cause concentrated wealth and income in higher groups capable utilise opportunity growth, so that inequality income the more widen (Mudana & Purbadharmaja, 2024) . BPS data (2024) shows sector agriculture, forestry and fisheries absorbs 28.64% of energy work and contribute growth economy by 0.67% while sector industry, manufacturing, trade and services absorbs 13.83% of energy work and contribute by 18.98% growth economy in Indonesia. Findings This show that improvement growth the economy that occurs Not yet give benefit in a way evenly to all over layer society. Growth the tend centered on sectors certain or only felt by some small perpetrator economy. Therefore that, the height growth economy No always impact direct to decline inequality income, especially If No accompanied with policies oriented towards equality and inclusion strong social.

4. Influence Human Development Index to Inequality Income

Based on the results of the tests carried out were obtained that variables Human Development Index (X4) has an influence negative and significant to inequality income (Y). This is indicated by the value coefficient of -0.010915 with mark significance of 0.0027 < 0.05. Findings This show that every increase index development man can give impact significant in lower inequality income in Indonesia. These results in line with *human capital theory* which states that improvement quality life somebody can reduce inequality income. HDI reflects the country's ability to produce power productive work, which in turn increase people's welfare thanks to height hope alive. However, the condition This only occurred in several areas with level income high, facilities health adequate, and level good life. On the other hand, in remote areas far away from center city, access to service limited and income relatively more low. Becker in (Pradipta & Wijaya 2022) stated that formal education and health own role important in push growth economy an area. The more tall level formal education and expectations life individual, then productivity power Work will increased. This is in line with human capital theory, which states that education contribute to growth economy and can reduce inequality income Because education and health increase productivity power Work.

Based on BPS data (2024), the province with high HDI level own level inequality low income so as on the other hand, East Kalimantan Province shows The HDI figure is 78.83 with level inequality income 0.321 followed province Riau Islands with The HDI figure of 77.97 has level inequality income 0.307. Meanwhile West Java province with The HDI figure of 74.09 has level inequality income 0.421 followed East Java province with The HDI figure is 74.09 and the level inequality income 0.372. Ease access to service health and education as well as equality quality education in Indonesia to become one of driving factors improvement quality source Power human. With availability access equitable education and health, individuals own opportunity more big For get work Because knowledge and competencies possessed adequate For fulfil job market demands. Through work said, individual can get more income tall so that contribute to the decline level inequality income.

5. Influence Financing Micro Sharia, Minimum Wages, Economic Growth, and Human Development Index To Inequality Income

Based on results testing conducted by the author, the fourth variables independent that is financing micro sharia, minimum wage, growth economy and index development man in a way simultaneous produce F- value count by 100.6357 more big than F- table amounting to 2,717 with mark probability 0.000000 < 0.05). Therefore that, can concluded that financing micro sharia, minimum wage, growth economy and index development man in a way significant influential to inequality income. This result in line with study (Meidiyan et al., 2025) which produces variables minimum wage, growth economy and HDI in general simultaneous influential to inequality income in Indonesia. Other research that is in line with findings study This conducted by (Wardhana et al., 2020) which stated that loan from micro banks, growth economy and index development man in a way simultaneous own influence significant to inequality income. Research This in line with findings (Rodionov et al., 2018) who researched influence growth economy and index development man to inequality income in the regions of the Russian Federation during period 2000-2015. Research results show that variables growth economy and index development man in a way simultaneous own influence to inequality income. In other words, more and more Good level growth economy and HDI in general together, more and more also lower the level inequality income in Indonesia.

5. Conclusion and Suggestions

Based on results obtained from study about Financing Micro Sharia, Minimum Wages, Economic Growth, and Human Development Index in Indonesia in 2020-2024, then obtained conclusion that variables Financing Micro Sharia and index development man influential negative and significant to inequality income in Indonesia. Meanwhile For Minimum Wage variable has an effect positive and significant to inequality income

in Indonesia and variables growth economy No influential significant to inequality income in Indonesia so that it increases or the decline growth economy No influence level inequality distribution income in Indonesia.

As for suggestions for study furthermore expected For add other variables in order to obtain results further research interesting and can give a clearer picture comprehensive about reason inequality income. And updating year research so that research relevant with condition economy latest.

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