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Analysis of Economic Growth and Income Disparity on Inter-Regional Welfare

Nur Dwiana Sari Saudi [1†] Muhammad Ashary Anshar [2] Al Kausar [3] Murdin Muchsidin [4] Feronica Fungky Muchsidin [5]

[1,] Universitas Hasanuddin Makassar, Makassar City, 90231, South Sulawesi, Indonesia
[2,3,4,5,] Institut Bisnis dan Keuangan Nitro, Makassar City, 90231, South Sulawesi, Indonesia

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Email Address :

nurdwianasari@fe.unhas.ac.id

Abstract

This study was conducted to analyze the classification of economic growth of each district/city in South Sulawesi Province in the period 2005-2019; To analyze income inequality between districts/cities occurring in South Sulawesi Province in the period 2005-2019; analyze how much influence economic growth and income disparity between districts/cities in South Sulawesi province in the period 2005-2019. This study uses secondary data with a sample of fifteen years from 2005 to 2019. Data were analyzed using program Eviews 10. The results showed that: (1) some districts/cities have the potential as developed and fast-growing areas, developed but depressed areas, fast-growing areas, and relatively disadvantaged areas; (2) income inequality between districts/cities in South Sulawesi Province shall be at a low condition; (3) Economic growth and income disparity negatively and significantly affect the welfare of inter-districts/cities in South Sulawesi Province. This means that economic growth and growth disparity affect the welfare of people between districts/cities in South Sulawesi Province.

1 Introduction

A country will not be separated from economic activities. This economic activity occurs in every form of life activity and occurs in all circles of society. Indonesia is an archipelagic area with thousands of islands and 34 provinces; each region has its characteristics: natural resources, economy, socio-culture, customs, population and population density, quality of human resources, geographical location, and facilities and infrastructure. Infrastructure available in each area. The differences in these characteristics are related to the ability to grow of each region, thus making development in some regions grow faster than the development of other regions. Therefore, development policies are carried out to achieve high economic growth by utilizing the potential and resources that exist and are different for each region. This process is carried out so that development can be felt more evenly. For this reason, the government's attention must be focused on all regions without any

† Corresponding author. Nur Dwiana Sari Saudi
Email address: **nurdwianasari@fe.unhas.ac.id**

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special treatment in certain areas.

Development has a goal to create community welfare. Community welfare can be seen from the increase in economic growth and the even distribution of income (Arsyad, 2010). Over an extended period, national development has produced significant progress. However, at the same time, it has left various pressing problems to be addressed, including the disparity or inequality between regions. An indicator of the success of a region's development can be seen from the rate of economic growth. Therefore, each region always sets a high growth rate target in its regional development planning and goals. High and sustainable economic growth is the primary condition for the continuity of economic development. As the population continues to grow, additional income is needed every year. This can be met by increasing aggregate output of both goods and services or Gross Domestic Product (GDP) every year. So, according to macroeconomics, economic growth is an increase in GDP, which also means an increase in national income (Tambunan, 2001).

Regional autonomy policy is a means to create better development because this policy will increase economic growth and community welfare, where local governments will be more efficient in managing the resources available in each region and providing public goods to facilitate activities. Economy. Regional autonomy is also intended to overcome the inequality that occurs between regions.

Table 1. Gross Regional Domestic Product by Business Field of South Sulawesi Province on the basis of constant prices in 2005-2019 (Billion Rp)

Year	ADH GRDP Constant (Billion Rp)
2005	36.421,79
2006	38.867,68
2007	41.332,43
2008	44.549,82
2009	47.314,02
2010	171.740,7
2011	185.708,5
2012	202.184,6
2013	217.618,4
2014	234.084,0
2015	250.802,10
2016	269.401,4
2017	288.814,2
2018	309.202,5
2019	330.605,2

Source: BKPMD of South Sulawesi Province, processed 2019

Based on table 1, it can be seen that, in general, the GRDP of South Sulawesi Province for a constant price basis from 2005 to 2019 has increased significantly. In 2005 the GRDP of South Sulawesi Province was 36,421.79 Billion Rupiah, which increased to 330,605.2 Billion Rupiah in 2019. The increase in the GRDP of South Sulawesi Province was due to the increased value-added in each economic sector marked by the productivity of society in each sector increases. Although the GRDP of South Sulawesi Province tends to increase every year, it does not rule out the possibility of problems regarding the even distribution of income. Equitable distribution of income needs to be considered in regional development. Inequality in the distribution of income will hurt economic growth and hurt the welfare of the people of a region (Patta, 2012). Figure 1 shows that the economic growth rate of South Sulawesi Province is very high and beats the rate of economic growth of other regions, even exceeding the growth of the national economy. The high economic growth of South Sulawesi Province is supported by household consumption and investment (with an indicator of gross fixed capital formation, PMTB).

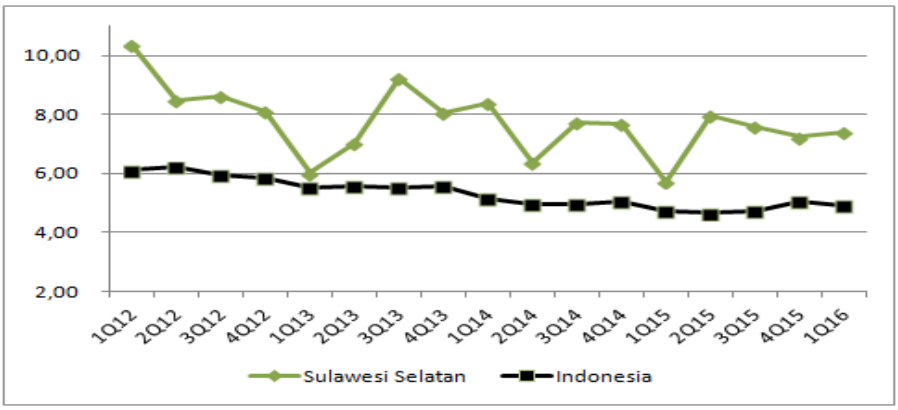

Figure 1. Economic Growth of Indonesia and South Sulawesi (Percent)
Source: Bank Indonesia, processed by Bareksa

Table 2. South Sulawesi Province Per Capita Income Based on Current Prices 2005-2019

Year	Category	
	Resident (Soul)	ADHB Per capita GRDP (Million Rupiah)
2005	7.709.155	6,89
2006	7.849.117	7,98
2007	7.922.632	8,99
2008	7.805.024	10,90
2009	7.908.519	12,63
2010	8.034.776	21,31
2011	8.115.638	24,31
2012	8.190.222	27,67
2013	8.342.047	31,03
2014	8.432.163	35,34
2015	8.520.304	39,95
2016	8.606.375	44,11
2017	8.690.294	47,82
2018	8.771.970	52,64
2019	8.851.240	57,03

In table 2, we can see that the per capita GRDP of South Sulawesi Province has significantly increased. In 2005 the per capita GRDP of South Sulawesi Province was 6.89 million Rupiah and increased in 2019 by 57.03 million Rupiah; the increase in the Per capita GRDP of South Sulawesi Province was in line with the increase in the population, which in 2005 was only 7,709,155 people and experienced an increase in 2019 as many as 8,851,240 people. The inequality that causes inequality is a problem that must be solved. If inequality gets bigger, it will lead to conflict and increase crime rates, so if this continues, it can cause instability in an economy. Therefore, this research is aimed to find out how big the inequality between regencies/cities in South Sulawesi Province is.

Regional economic development is a process in which local governments and their communities manage existing resources and form a partnership pattern between local governments and the private sector to create new jobs and stimulate the development of economic activities so that the economy in the region can grow (Arsyad, 1999). The benchmark for development success can be seen from economic growth, economic structure, and the smaller income inequality between residents, regions, between sectors. Economic growth is achieved if there is an increase in the ratio between more significant input and output and economic development. Economic development means increased productivity and an increase in Gross Domestic Product (Hasibuan, 1987). In addition, economic growth is defined as an increase in Gross Domestic Product (GDP)

regardless of whether the increase is more significant or less than the population growth rate or whether economic changes occur or not (Arsyad, 1999). High and sustainable economic growth is the primary condition or a necessity for the continuity of economic development and welfare improvement (Tambunan, 2012). Economic growth is the physical development of goods and services in a country (Sukirno, 2011). One indicator of economic growth is Gross Domestic Product (GDP), for the regional level is Gross Regional Domestic Product (GRDP). Gross Regional Domestic Product is the total value added arising from all economic sectors in a region/region. (Tarigan, 2004). The power between regions/regions in developing countries is not balanced, so it tends to widen the gap or inequality between rich regions/regions and poor regions/regions. In developing countries, the primary focus is on the dilemma between growth and equity. Economic development requires a higher GNP, and also higher growth is a choice that must be made. The problem is that high growth is only produced or enjoyed by a few people. Economic development is not solely measured by the increase in overall GNP but must pay attention to the distribution of income that has spread to all populations/levels of society (Todaro, 1999).

Assessment of the fast or slow economic growth must be compared with past growth and the growth achieved by other regions (Sukirno, 1994). An area can be said to experience rapid growth if there is a significant increase from year to year. Slow regional growth is if from year to year it decreases or fluctuates. Peyroux in Arsyad, put forward a theory of the Center for Growth (Pole Growth) which is the theory that forms the basis of the regional industrial development policy strategy that is widely used by various countries today. Growth does not appear in various areas simultaneously; growth only occurs in several places called growth centers with different intensities. In essence, the leading industry is the driving force in regional economic development in this theory. Furthermore, emerging regions that are relatively developed will affect relatively passive regions in the industry (Arsyad, 1999).

This implies that economic growth is a ladder to reaching the subsequent progress stage. To support long-term growth, workforce, raw materials and technology, and modern economic and social institutions are needed. These institutions include markets, profits, money, property rights, legal certainty, and democracy. Arsyad (1997) suggests that the core of the economic growth process, according to Adam Smith, is divided into two main aspects of economic growth, namely total output growth (GDP) and population growth. The available natural resources are the most basic container of community production activities. The amount of available natural resources is the maximum limit for the growth of an economy. Resources have not been fully utilized, so the population and existing capital stock role in output growth. The output growth will stop when all these natural resources have been fully utilized. Human resources (population) have a passive role in output growth. The population will adjust to the need for labor from a society. According to Smith, capital stock is an element of production that actively determines the level of output. The role is very central in the process of output growth. The amount and rate of output growth depend on the rate of growth of the capital stock (to the maximum extent of natural resources).

Capital stock (K) has two effects on total output (Q): direct and indirect. The direct effect is that an increase in K (followed by an increase in labor) will increase Q. The more inputs, the more output. The indirect effect is an increase in per capita productivity through enabling a higher degree of specialization and division of labor. This is real if one more condition is met: the broader market for output (M). The process of output growth will be repeated in the following years until the upper limit allowed by the available natural resources. At this stage, the growth process stops, and the economy has reached a stationary state. At this position, all growth processes stop. There are two critical supporting factors behind the process of capital accumulation, namely the expansion of the market (M) and the existence of a profit level above the minimum level of profit; both are interrelated, the expansion of the market means that the level of profit can be maintained at a high level. The expansion of the market is a condition for the continuity of capital accumulation. Every citizen will achieve market potential given the complete freedom to carry out exchanges and economic activities. The second aspect of economic growth is population growth which is passive in the process of output growth, in the sense that, in the long term, whatever amount of labor required by the production process will be available through population growth.

The population will increase if the general wage level is higher than the subsistence wage level. At the same time, the wage rate itself is determined by the attraction between the forces of demand and supply. Wages

will be high if the demand for labor grows faster than the supply and vice versa. Wages continue to decline and fall below the subsistence wage level so that the population growth rate will be negative. At the subsistence wage level, the population is constant. The demand for labor is determined by the available capital stock (K) and by society's level of output (Q) because labor is "demanded" because it is needed in the production process. The growth rate of demand for labor is determined by the rate of growth of the capital stock (capital accumulation) and the output growth rate.

The notion of inclusive growth, which is closely related to poverty, is supported by Habito (2009). According to his conclusion, inclusive growth is defined as GDP growth that can reduce poverty. Habito also explained that the economy's structure and the sectoral composition of economic growth had been believed to be essential factors for achieving inclusive growth, with the general statement that more robust growth in the agricultural structure will accelerate poverty reduction. This emphasis on the agricultural sector is reasonable considering that the role of the agricultural sector, especially in the absorption of labor in developing countries, is enormous. In addition to focusing on the condition of the economic sector, Habito views investment in public facilities such as health, education, and housing as very important to achieve inclusive growth.

Min Tang (2008) pays attention to the problem of poverty about inclusive growth by departing from income distribution. He observed that many developing countries had had extraordinary economic growth over the past few decades. Meanwhile, income distribution is getting worse with varying degrees between countries. Various measures and elements are said to influence whether growth can be inclusive. The most important measure is whether growth impacts improving the welfare of the poor. The poor, the most disadvantaged in development, have difficulty benefiting from development outcomes. Therefore, improving the quality of life of the poor is a top priority on the economic growth agenda, but it is not proving easy to achieve. Inclusive growth is often equated with pro-poor inclusiveness. Thus, growth that is not pro-poor is not inclusive (Kakwani, Khander, and Son, 2004; in Min Tang, 2008).

The issue of inequality does not go unnoticed in the discussion on inclusive growth. Ali (2007) states that inclusive growth that focuses on accelerating the expansion of opportunities and access to economic resources for all economic actors, including disadvantaged groups, is an essential requirement but not sufficient to reduce income inequality. Inequality has increased, but this does not mean that the rich are getting richer while the poor are poorer. Instead, the wealth of the rich increases much faster than that of the poor. By looking at the problem of inequality that occurs, Ali concludes that the key factors responsible for increasing inequality appear to be diverse in growth. The three dimensions of growth differentials relate primarily to differences in the measurement of inequality in different parts of the region. First, growth has differed between regions of a country (e.g., between provinces). Second, growth differs between cities and villages. Moreover, lastly, growth differs between households, so the incomes of the upper-class people grow faster than those of the middle class or below.

Factors such as inequality, poverty, sectoral and labor issues are often mentioned in the descriptions of various inclusive growth concepts. Ianchovichina and Lundstrom (2009) give a slightly different opinion, both of which pay attention to the issue of growth size. Ianchovichina and Lundstrom argue that inclusive growth is concerned with increasing the size of the economy and not just focusing on the distribution of resources. Inclusive growth is often associated with sustainable growth, which is a complex but straightforward concept, so the notion of sustainability is very multidimensional and has multiple interpretations. According to Heal (1998), the concept of sustainability contains at least two dimensions: The first is the time dimension because sustainability is nothing but what will happen in the future. The second is the dimension of the interaction between the economic system, natural resources, and the environment. Because of this multidimensional and multi-interpretation, the experts agreed to temporarily adopt the understanding agreed upon by the Brundtland Commission, which stated that "Sustainable development is a development that meets the needs of the present generation without compromising the ability of future generations to meet their needs." (ADB, 1990). By looking at the intertemporal component, an indicator of sustainable growth, it can be said that sustainable growth is inclusive growth, but inclusive growth is not necessarily sustainable.

The various concepts offered to formulate inclusive growth view how growth should work in the economy. Inclusive growth can be said to measure whether a country's economic growth is quality growth. The definition of inclusive growth in this research is a combination of various concepts that have been described

previously. Thus, economic growth is called inclusive if the growth can reduce poverty, reduce inequality in income distribution, and absorb more workers. By defining inclusive growth as growth that can increase the social opportunity function, Ali and Son (2007) have formulated an approach to measure inclusive growth. In this context, inclusive growth depends on two factors: (i) the average opportunity available to the population and (ii) how opportunities are shared among the population. According to Ali and Son (2007), the social opportunity function gives greater weight to the opportunities enjoyed by the poor: the poorer, the greater the weight. The weighting scheme will ensure that the opportunities created for the poor are more important than those created for the non-poor, i.e., if the opportunities enjoyed by a person are transferred to the poor in society, then social opportunities must increase, thus making growth more inclusive.

Growth is inclusive if social opportunities can be spread across the entire population. According to Ali and Son (2007), how opportunities can be spread in society can be described in a curve known as the opportunity curve: the higher the curve, the larger the social opportunity function. Thus growth will be inclusive if the opportunity curve shifts upward at all points. If the overall opportunity curve shifts upward, it means that everyone in society, including the poor, enjoys increased opportunities and therefore can be called an inclusive growth process. The slope of the social opportunity curve shows how opportunities are distributed in society. Suppose the opportunity curve has a negative slope. In that case, it can be said that the opportunities available to the poor are more than those available to the non-poor (that is, opportunities are evenly distributed). Similarly, if the curve has a positive slope, the odds are distributed unequally (antipoor). Another alternative to measuring inclusive growth is formulated by Klasen (2010). According to him, a simple approach to examining inclusive growth is needed. In formulating a measurement method for inclusive growth, Klasen adapts methods from pro-poor growth studies. In particular, adaptation is made of Kakwani and Son's (2008) research on the "poverty-equivalent growth rate" concept, which defines inclusive growth as growth for disadvantaged groups.

Growth benefits can be calculated using the PEGR method, which is one of the methods used to measure the benefits of economic growth for the poor. In calculating PEGR itself, there are two methods, namely by using ex-ante and post ante analysis techniques. The PEGR calculation method using ex-ante analysis technique is applied based on the assumption that changes in income inequality only occur by proportional and constant shifts at all points on the Lorenz curve. Many things can cause the shift in the Lorenz curve, so this ex-ante method of calculating PEGR is not possible. The PEGR calculation method using the ex-post analysis technique is carried out to overcome the problem of ex-ante calculation, namely by comparing the situation of poverty, income distribution (Lorenz curve), and the average income of the population at the beginning of the period with the situation at the end of the period.

Douglas C. North first introduced this model. According to this model, the economic growth of a region is determined by the amount of Competitive Advantage owned by the region concerned. If a particular region can encourage the growth of sectors with competitive advantages as a basis for export activities, the region's economic growth will increase rapidly. This can happen because exports will have a significant multiplier effect on the regional economy. The expansion of the Export-Based Model can be done by incorporating an element of interregional economic relations known as Interregional Capital Income which Harry W. Richardson developed in 1978. Exports are assumed to be a factor in the region's economic system (endogenous variable) whose fluctuations are determined by the development of inter-regional trade activities. Furthermore, inter-regional trade activities are divided into consumption goods and capital goods. Shift-share is used to describe economic changes affected by national, regional, and local sectors. According to Arsyad, shift-share analysis is used to determine regional economic performance. The shift-share analysis is used to see the trend of the transformation of the regional economic structure. This analysis assumes that the growth of a region can be divided into three components.

First, the component of regional economic growth (regional share), to see the relative position about overall economic growth. Regional share describes changes in the output of a region; this component occurs, for example, inflation criteria for tax policy. Second, sectoral growth (Proportionally Shift) measures the production growth rate of a region that is faster or slower than national growth. The proportional shift is influenced by the availability of raw materials and sectoral policies. Third, the growth of regional competitiveness (Different Shift) measures the competitiveness of a region compared to other regions. Different shifts occur due to comparative advantage due to the increase or decrease in output. George H. Bort pioneered this model by basing

his analysis on neo-classical economic theory. According to this model, the economic growth of a region will be primarily determined by the region's ability to increase its production activities. Meanwhile, production activities in an area are determined not only by the potential of the area concerned but also by labor mobility and capital mobility between regions.

The City and Village Model is a regional economic growth theory pioneered by Gurnal Myrdal. This model argues that economic growth is primarily determined by a strong synergy between economic activities in rural areas (rural) and urban areas (urban). Development between rural and urban areas will be realized if the agricultural sector production in rural areas is mainly used by industrial activities, trade, and services in the related urban areas. Meanwhile, most of the production in urban areas is utilized by the related rural areas. The economic linkages between rural and urban areas will also encourage the realization of what Mirdal calls the Trickling-down Effect. The economic growth of a country depends on its natural resources, human resources, capital, business, technology, etc. These are all economic factors. Economists consider factors of production as the leading force influencing growth. The rate of economic growth falls or rises due to changes in these production factors. The definition of development inequality or disparity is the difference in development between one region and another vertically and horizontally, which causes disparities or uneven distribution of development. Inequality of development between regions and the center and between regions is natural because of differences in resources and the initial implementation of development between regions (Sjafrizal, 2008). According to the Big Indonesian Dictionary, inequality is not as it should be, such as unfair, wrong. Meanwhile, income is all income received by both the formal and non-formal sectors, calculated within a certain period. Income disparity, often known as income inequality, is when the community's distribution is not evenly distributed. Inequality is determined by development ethnic heterogeneity; inequality is also related to dictatorships and governments that fail to respect property rights.

The most commonly discussed inequality is economic inequality. In inequality, there is a fundamental imbalance in economic development between regions and a relative inequality between the potential and the level of welfare, which can cause problems in relations between regions. The government's economic development philosophy does not intend to limit the flow of capital (even those who fly abroad are almost unrestricted). Capital flows have their logic to accumulate in locations with higher growth rates and lower risk levels. So it is unavoidable if capital flows are more concentrated in areas rich in natural resources and big cities with more complete facilities and infrastructure, which will increase the number of unemployed people in developing Provinces. An area's average per capita income can be simplified into Gross Regional Domestic Product (GRDP) divided by the total population. Another way that can be used is to base it on personal income, which is approached with a consumption approach (Sjafrizal, 2008).

Economic disparities or inequality in income distribution between high-income and low-income groups is a big problem in developing countries such as Indonesia. Every region that carries out development aims to increase prosperity and equitable distribution of welfare for the wider community. High economic growth will be better if it is followed by equal distribution of income or development results. This results in the benefits of development being felt by more layers of society (Widodo 2006). Inequality is a condition that is not evenly distributed between one another. Inequality in development still occurs between developed countries and developing countries; developed countries have high knowledge of human resources and can efficiently process their natural resources. Developing countries that do not have good human resources do not process natural resources effectively. The theory of income inequality put forward by Arsyad (1992) that eradicating poverty and developing inequality in income distribution is the core of development problems.

Regional development is directed at increasing economic growth and optimal distribution. Each region experiences further economic growth from one region to another. The difference in growth is due to differences in the potential in each region, such as natural resources and human resources. This results in disparities between regions which will eventually lead to income disparities and is a consequence of interregional economic growth. To get an idea of the pattern and structure of economic growth in each region, the Klassen Typology analysis tool is used, which will group the regions into four quadrants, namely developed and fast-growing regions (Quadrant I), fast-developing regions (Quadrant II), and relatively underdeveloped regions. (Quadrant III) and advanced but depressed areas (Quadrant IV).

Income disparity is a problem faced in the development process. Economic growth and income

disparity between districts/cities in South Sulawesi Province can be seen through GRDP and GRDP per capita. GRDP is an indicator to measure regional economic development. Meanwhile, GRDP per capita is the result of GRDP with the total population of the area concerned as a measure of the level of welfare of the community. In this study, the income disparity between districts/cities in South Sulawesi Province is measured using the Williamson Index, which is worth between 0-1, the greater the Williamson Index, the greater the income inequality between regions, on the contrary, if the Williamson Index is getting smaller (closer to 0) then more evenly. Panel data regression is used to analyze the relationship between economic growth and income disparities between districts/cities in South Sulawesi Province. The research model used in this study states that people's welfare is a fun.

H1: Some districts have the potential as developed and fast-growing areas, developed but depressed areas, fast-developing areas and relatively underdeveloped areas.
H2: Income inequality between districts/cities in South Sulawesi Province is in moderate condition.
H3: Economic growth and income disparity have a significant effect on welfare among districts/cities in South Sulawesi Province.

2 Research Method

This research is a quantitative descriptive study to systematically, factually and accurately describe the rational reality of sectors that affect economic growth and public welfare in South Sulawesi Province 2005-2019. The objects in this study were 23 districts/cities in South Sulawesi Province in 2005-2019. There are three models that can be selected in panel data regression and which model is the most appropriate. The right model is used to estimate the panel data regression parameters in analyzing the relationship between economic growth and income disparities on the welfare of the people in South Sulawesi Province in 2005-2019.

The data used in this study is secondary data in the form of:

1. GRDP of South Sulawesi Province ADHK for the period 2005-2019.
2. Regency/City GRDP in South Sulawesi Province ADHK for the period 2005-2019.
3. GRDP Per Capita South Sulawesi Province ADHK for the period 2005-2019.
4. GRDP Per Capita South Sulawesi Province ADHK for the period 2005-2019.
5. Total Population of South Sulawesi Province in 2005-2019.
6. Number of Regency/City Population in South Sulawesi Province in 2005-2019.
7. Economic Growth of South Sulawesi Province in 2005-2019.
8. Regency/City Economic Growth in South Sulawesi Province in 2005-2019.
9. Development Index (IPM) of South Sulawesi Province 2005-2019.
10. District/City Development Index (IPM) in South Sulawesi Province 2005-2019.

Table 3. Classification of Klassen Typology Sectoral/Regional Approach

GRDP per capita (y) Growth Rate (r)	Yi > y	Yi < y
Ri > r	**Quadrant I** **Developed area and growing fast**	**Quadrant II** **Developed but depressed area**
Ri < r	**Quadrant III** **Fast growing area**	**Quadrant IV** **Relatively underdeveloped area**

Description:

Ri = Regency/City GRDP growth rate
Yi = GRDP per capita Regency/City
r = Average growth rate of Provincial GRDP
y = Average GRDP per capita Province

3 Result and Discussion

Result

Economic growth is one of the macro indicators to see the actual economic performance. The economic growth rate is calculated based on changes in GRDP based on constant prices for the year in question against the previous year. Economic growth can be seen as an increase in the number of goods and services produced by all business fields of economic activity in an area over one year. Data on the GRDP growth rate of South Sulawesi Province at constant prices by the business field for fifteen years from 2005 to 2019 is shown in table 4.

Table 4. Growth Rate of Gross Regional Domestic Product at Constant Prices for South Sulawesi Province by Business Field (percent), 2005-2019

Year	Growth Rate of Gross Regional Domestic Product
2005	6.05
2006	6.72
2007	6.34
2008	7.78
2009	6.20
2010	8.63
2011	8.13
2012	8.87
2013	7.63
2014	7.57
2015	7.19
2016	7.42
2017	7.21
2018	7.06
2019	6.92

Based on table 4, the economic growth of South Sulawesi Province for fifteen years (2005-2019) has fluctuated, 2010 the economic growth rate increased by 8.63 percent, and decreased in 2013 by 7.63 percent until 2019 the economic growth rate of Sulawesi Province South continued to decline to 6.92 percent, down from the previous year.

Analysis of Economic Growth between Regencies/Cities in South Sulawesi Province

Gross Regional Domestic Product (GRDP) is one indicator that influences a region's development. An increase or decrease in GRDP indicates that an area has increased or decreased in the development sector and economic activity. Meanwhile, economic growth is divided into several economic sectors and is a source of job creation. The high and low economic growth is reflected in the value of GRDP every year; if the growth of each economic sector increases, it will increase its contribution to the size of the region's GRDP, but the increase in GRDP every year does not entirely make economic growth increase every year, this can be seen in the table the results of the calculation of economic growth between districts/cities in South Sulawesi Province in 2005-2019 are presented in table 3 and 4. Based on the calculations in tables 3 and 4, it can be seen that economic growth between regencies/cities has fluctuated. It can be seen that the highest economic growth with an average of 8.65 is in the city of Makassar, which is the center of the regional capital of South Sulawesi and is the center of both the social and economic fields. While the lowest economic growth was in East Luwu Regency with an average of 3.78, this was due to a decline in the mining sector, agriculture sector, and plantation sector. The economy in the mining sector has decreased because currently, East Luwu district is only on PT Vale. At the same time, PT CLM and PT PUL, which are also engaged in mining, are currently not producing too much production. The economic decline in the agriculture and plantation sectors is due to extreme weather and bad weather. Uncertain, so that it can affect the economic growth of East Luwu district. The fluctuating economic growth was caused by the fluctuations in the value of various economic sectors that became the leading sectors, such as mining and the agricultural sector.

Table 5. Economic Growth between Regencies/Cities in South Sulawesi Province on the basis of price Constant Year 2005-2012

Distric/City	Economic Growth between Regencies/Cities (%)							
	2005	2006	2007	2008	2009	2010	2011	2012
Selayar.	3,90	5,57	6,45	7,27	7,89	7,96	8,88	7,88
Bulukumba.	4,48	6,38	5,36	8,06	6,47	5,71	5,49	9,65
Bantaeng	4,35	5,10	5,37	6,73	7,32	8,32	9,38	9,67
Jeneponto.	1,21	3,97	4,06	5,78	5,38	6,59	8,44	7,55
Takalar.	5,58	5,91	6,04	6,19	6,58	8,66	7,59	6,58
Gowa.	5,74	6,17	6,19	6,92	7,99	6,87	7,46	8,15
Sinjai.	5,23	6,11	5,43	7,45	7,02	5,89	7,60	7,32
Maros.	3,12	4,33	4,58	5,61	6,27	12,40	11,24	11,14
Pangkep.	5,61	5,92	6,12	7,16	5,91	7,96	9,84	8,26
Barru.	4,94	4,90	4,94	6,98	5,72	6,06	8,13	8,39
Bone.	4,31	5,95	6,01	7,24	7,54	7,61	6,40	8,21
Soppeng.	2,85	6,63	5,37	7,76	6,81	6,32	7,17	6,93
Wajo.	5,97	5,66	5,87	7,40	5,10	5,85	10,11	6,50
Sidrap.	8,25	6,96	5,46	8,23	6,66	6,24	9,63	8,93
Pinrang.	6,04	4,12	5,14	6,73	7,65	5,70	7,71	8,51
Enrekang.	5,91	3,77	5,11	6,49	6,62	5,78	8,08	7,30
Luwu.	7,16	5,51	5,53	5,73	6,82	7,15	7,89	7,00
Tana Toraja.	3,67	5,22	5,35	7,18	6,10	7,67	7,78	8,58
Luwu Utara.	8,69	7,61	6,83	9,65	6,90	6,27	8,04	6,81
Luwu Timur.	5,57	6,86	5,75	-2,44	-4,04	13,19	-4,29	5,62
Makassar.	7,16	8,09	8,11	10,52	9,20	9,83	10,36	9,64
Pare-Pare.	5,98	6,96	6,98	7,56	7,93	7,99	8,42	8,80
Palopo	7,72	6,32	6,53	7,44	7,86	6,67	7,90	7,00

Table 6. Economic Growth between Regencies/Cities in South Sulawesi Province on the basis of constant-price 2013-2019

Distric/City	Economic Growth between Regencies/Cities (%)							Average
	2013	2014	2015	2016	2017	2018	2019	2005-2019
Selayar.	9,18	9,18	8,83	7,35	7,61	8,75	7,66	7,62
Bulukumba.	7,79	8,21	5,62	6,77	6,89	5,05	5,49	6,52
Bantaeng	9,01	7,92	6,64	7,39	7,31	8,13	10,75	7,59
Jeneponto.	6,65	7,71	6,54	8,32	8,26	6,29	5,47	6,16
Takalar.	8,80	9,00	8,42	9,61	7,38	6,66	6,87	7,37
Gowa.	9,44	6,94	6,79	7,57	7,21	7,14	7,46	7,22
Sinjai.	7,80	6,98	7,55	7,09	7,23	7,44	6,12	6,82
Maros.	6,28	5,23	8,44	9,50	6,81	6,19	1,24	6,80
Pangkep.	9,33	10,16	7,63	8,31	6,61	4,77	6,41	7,37
Barru.	7,91	6,64	6,32	6,01	6,48	7,11	7,41	6,57
Bone.	6,31	8,92	8,30	9,01	8,41	8,91	7,01	7,38
Soppeng.	7,24	6,76	5,11	8,11	8,29	8,11	7,69	6,75
Wajo.	6,86	9,15	7,06	4,96	5,21	1,08	4,06	6,09
Sidrap.	6,94	7,76	8,03	8,77	7,09	5,02	4,65	7,24
Pinrang.	7,28	8,11	8,24	7,44	7,84	6,91	6,53	6,93
Enrekang.	5,84	5,88	6,91	7,63	6,84	3,26	5,43	6,06
Luwu.	7,74	8,73	7,26	7,88	6,79	6,86	6,26	6,96
Tana Toraja.	7,28	6,56	6,85	7,29	7,47	7,89	7,22	6,82
Luwu Utara.	7,40	8,47	6,67	7,49	7,60	8,39	7,11	7,62
Luwu Timur.	6,31	8,47	6,42	1,58	3,07	3,39	1,17	3,78
Makassar.	8,55	7,39	7,55	8,03	8,20	8,42	8,79	8,65
Pare-Pare.	7,97	6,09	6,30	6,87	6,98	5,58	6,65	7,15
Palopo	8,08	6,66	6,47	6,95	7,17	7,52	6,75	7,16

The Klassen Typology method determines the grouping of economic sectors in South Sulawesi Province according to their growth structure. Using the Klassen Matrix, four sector groups can be grouped by utilizing the growth rate and contribution value. Based on the 2005-2019 South Sulawesi Province Typology Classification results based on Klassen's Typology, some areas can be categorized as Developed and Fast Growing Regions or quadrant I, namely (1) Pangkep Regency, (2) Makassar City. For developed but depressed regions or quadrant II, namely (1) East Luwu Regency. Regions that are in quadrant III as Fast Developing Regions are (1) Selayar Islands Regency, (2) Bantaeng Regency, (3) Takalar Regency, (4) Bone Regency, (5) North Luwu Regency. Meanwhile, those in quadrant IV as Relatively Disadvantaged Regions are (1) Bulukumba Regency, (2) Jeneponto Regency, (3) Gowa Regency, (4) Sinjai Regency, (5) Maros Regency, (6) Barru Regency, (7) Regency Soppeng, (8) Wajo Regency, (9) Sidrap Regency, (10) Pinrang Regency, (11) Enrekang Regency, (12) Luwu Regency, (13) Tana Toraja Regency, (14) Pare-Pare City, (15) Palopo City.

Table 6. Classification of Regencies/Cities in South Sulawesi Province 2005-2019 According to Criteria Regional Typology Based on Klassen's Typology

Quadrant I **(Advanced and Fast-Growing Area)** Makassar City, Pangkep Regency.	**Quadrant II** **(Advanced But Depressed Area)** East Luwu Regency.
Quadrant III (Fast Developing Area)	**Quadrant IV** (Relatively Underdeveloped Area)
Selayar Islands Regency, Bantaeng Regency, Takalar Regency, Bone Regency, North Luwu Regency.	Bulukumba Regency, Jeneponto Regency, Gowa Regency, Sinjai Regency, Maros Regency, Barru Regency, Soppeng Regency, Wajo Regency, Sidrap Regency, Pinrang Regency, Enrekang Regency, Luwu Regency, Tana Toraja Regency, Pare-Pare City, City Palopo.

Table 7. Williamson Index of Districts/Cities of South Sulawesi Province 2005-2012

Distric/City	Indeks Williamson							
	2005	2006	2007	2008	2009	2010	2011	2012
Selayar.	0,05	0,05	0,05	0,05	0,05	0,10	0,04	0,04
Bulukumba.	0,06	0,06	0,06	0,07	0,07	0,18	0,10	0,10
Bantaeng	0,05	0,05	0,05	0,05	0,05	0,12	0,04	0,04
Jeneponto.	0,11	0,11	0,12	0,12	0,12	0,18	0,11	0,11
Takalar.	0,08	0,08	0,08	0,08	0,08	0,15	0,08	0,08
Gowa.	0,14	0,14	0,14	0,15	0,14	0,25	0,14	0,14
Sinjai.	0,04	0,04	0,04	0,04	0,04	0,13	0,04	0,04
Maros.	0,07	0,07	0,08	0,08	0,08	0,17	0,02	0,03
Pangkep.	0,09	0,06	0,07	0,06	0,06	0,12	0,07	0,07
Barru.	0,04	0,04	0,04	0,04	0,04	0,11	0,04	0,04
Bone.	0,09	0,09	0,09	0,09	0,09	0,24	0,09	0,09
Soppeng.	0,03	0,03	0,03	0,03	0,03	0,12	0,04	0,04
Wajo.	0,01	0,01	0,01	0,00	0,00	0,15	0,02	0,02
Sidrap.	0,01	0,00	0,00	0,01	0,01	0,14	0,04	0,04
Pinrang.	0,04	0,04	0,03	0,03	0,03	0,14	0,03	0,03
Enrekang.	0,05	0,05	0,05	0,06	0,06	0,13	0,06	0,06
Luwu.	0,03	0,03	0,03	0,04	0,04	0,16	0,06	0,06
Tana Toraja.	0,18	0,18	0,18	0,11	0,10	0,14	0,08	0,08
Luwu Utara.	0,04	0,04	0,04	0,05	0,05	0,14	0,06	0,06
Luwu Timur.	0,50	0,49	0,49	0,41	0,35	0,01	0,18	0,16
Makassar.	0,34	0,34	0,36	0,36	0,38	0,18	0,44	0,45
Pare-Pare.	0,04	0,00	0,00	0,02	0,04	0,09	0,00	0,00
Palopo	0,01	0,01	0,00	0,00	0,00	0,10	0,01	0,01

Table 8. Williamson Index of Regency/City of South Sulawesi Province 2013-2019

Distric/City	Indeks Williamson							Criteria
	2013	2014	2015	2016	2017	2018	2019	2005-2019
Selayar	0,04	0,04	0,04	0,04	0,04	0,03	0,03	Low
Bulukumba	0,10	0,10	0,10	0,10	0,10	0,10	0,10	Low
Bantaeng	0,04	0,04	0,11	0,04	0,03	0,03	0,03	Low
Jeneponto	0,09	0,11	0,11	0,10	0,10	0,10	0,10	Low
Takalar	0,08	0,08	0,08	0,07	0,07	0,07	0,07	Low
Gowa	0,14	0,15	0,15	0,15	0,15	0,15	0,15	Low
Sinjai	0,04	0,04	0,04	0,04	0,04	0,04	0,04	Low
Maros	0,02	0,02	0,11	0,02	0,02	0,02	0,01	Low
Pangkep	0,07	0,08	0,08	0,08	0,08	0,07	0,07	Low
Barru	0,04	0,04	0,12	0,04	0,04	0,04	0,04	Low
Bone	0,08	0,08	0,25	0,07	0,07	0,07	0,06	Low
Soppeng	0,04	0,04	0,04	0,04	0,03	0,03	0,03	Low
Wajo	0,04	0,01	0,03	0,01	0,01	0,02	0,03	Low
Sidrap	0,04	0,04	0,04	0,04	0,04	0,04	0,05	Low
Pinrang.	0,02	0,02	0,02	0,02	0,02	0,02	0,02	Low
Enrekang	0,06	0,06	0,06	0,06	0,06	0,06	0,06	Low
Luwu.	0,06	0,06	0,06	0,06	0,06	0,06	0,06	Low
Tana Toraja.	0,08	0,08	0,08	0,08	0,08	0,08	0,08	Low
Luwu Utara.	0,06	0,06	0,06	0,06	0,06	0,06	0,06	Low
Luwu Timur.	0,16	0,15	0,15	0,12	0,11	0,10	0,08	Low
Makassar.	0,46	0,45	0,45	0,45	0,45	0,46	0,48	Low
Pare-Pare.	0,00	0,01	0,01	0,01	0,01	0,01	0,01	Low
Palopo	0,02	0,02	0,02	0,03	0,03	0,03	0,03	Low

Analysis of the Relationship between Economic Growth and Income Disparity on Welfare Between Regencies/Cities in South Sulawesi Province Using Panel Data Regression

Panel data regression is used to analyze the relationship between economic growth and income disparity with the welfare of the people in South Sulawesi Province. The data used in this study are cross-section and time-series data, where this data describes several research objects in different periods and is processed using the E-views ten program. The Chow test (Likelihood Ratio) is used to select the panel data regression model. the best between Pooled Least Square and Fixed Effect Model. The application used for the Chow test uses the E-views ten program. The processing results are shown in table 9.

Table 9. Chow Test Results (Likelihood Test Ratio)

Effects Test	Statistic	d.f.	Prob.
Cross-section F	55.834637	(22,320)	0.0000
Cross-section Chi-square	543.938004	22	0.0000

The output of the Chow test regression shows the probability value of F-statistics = 0.0000 0.05, then H0 is rejected, and H1 is accepted so that the selected model is the fixed effect model (FEM). The Hausman test selects the best panel data regression model between the Fixed Effect Model and the Random Effect Model. The application used for the Hausman test uses the Eviews ten program. The processing results are shown in table 10.

Table 10. Hausman Test Results

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	8.590663	2	0.0136

Output regression Hausman test shows the probability values chi-square statistic = 0.0136 ⩽ 0.05, then H0 rejected and H1 accepted so that the model chosen is a fixed-effect model (FEM). Based on the results of

panel data estimation to choose the best model between the Chow test, Hausman test, and Lagrange Multiplier test, the fixed effect model was selected as the most appropriate model to analyze the data in this study. Because the suitable model to analyze the data in this study has been obtained, in which the Chow test and Hausman test are both selected for the fixed effect model, there is no need to perform the Lagrange Multiplier Test. Based on the model estimation results in the previous discussion, the constant and coefficient values of each variable are obtained, as shown in table 10.

Table 11. Fixed effect model (FEM) panel data regression model.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Constant	71.99869	0.510146	141.1336	0.0000
Economic growth	-0.415164	0.063451	-6.543032	0.0000
Disparity	-8.962693	2.330170	-3.846369	0.0001
R-squared	0.806545	Mean dependent var		68.37241
F-statistic	55.58884	Durbin-Watson stat		0.749701
Prob(F-statistic)	0.000000			

From the estimation results above, the panel data regression equation can be formed as follows:

$$KSJRMit = 71.99869 - 0.415164PEit - 8.962693DPit + it$$

The regression model equation can be explained that the value of 0 = 71.99869 is constant. This value indicates that the level of community welfare is 71.99869 percent if the variables of economic growth and income disparity are constant. 1 = -0.415164 is the regression coefficient of the economic growth variable. This value shows the relationship between economic growth and public welfare of -0.415164, meaning that if there is an increase in the economic growth of one percent, it will reduce the level of community welfare as measured by the HDI indicator by 0.415164 percent with the assumption that other variables are constant. 2 = -8.962693 is the regression coefficient of income disparity variable. This value shows the relationship between income disparity and community welfare of -8.962693. Suppose there is an increase in income disparity of one percent. In that case, it will reduce the level of community welfare as measured by the HDI indicator by 8.962693 percent, assuming that other variables are constant. From the estimation results of the model, it is known that the probability for the variable Economic Growth has a probability of 0.0000, which is smaller than 0.05, which means that the variable of economic growth is significantly related to the welfare of the community. Meanwhile, the income disparity variable has a significant relationship with the community's welfare with a probability value of 0.0001, which is smaller than 0.05.

Statistical tests were then carried out from the panel data regression equation, including partial tests), simultaneous tests, and R2 test (coefficient of determination). A statistical t-test was conducted to show how far the relationship of each independent variable individually in explaining the variation of the dependent variable.

Table 12. Value (t-test) Relationship between Economic Growth and Income Disparity on Community Welfare

Variable	t- Statistics	t-table df	Probability	α = 5%	Info
Economic growth	-6.543032	1,64931	0.0000	0,05	Significant
Disparity	-3.846369	1,64931	0.0001	0,05	Significant

The estimation results above show that partially the independent variables (economic growth and disparity) have a significant relationship to the dependent variable (community welfare) with a negative value. The economic growth variable has a t-statistic -6.543032 <t-table 1.96690. The probability values0.0000 t-statistic ⩽ of 0.05, H0 is rejected, and H1 accepted, meaning partial economic growth significantly and negatively related to public welfare regency/city in South Sulawesi Province, so the hypothesis is accepted. Variable income disparity has a value of t-statistic -3.846369 <t-table 1.64931 and the probability values0.0001 t-statistic ⩽ of 0.05, H0 is rejected, and H1 accepted, meaning partial income disparities and significant negative relation between the public welfare Regency /city in South Sulawesi Province, so the hypothesis is accepted.

Tests on the relationship of all independent variables in the model can be done with a simultaneous test (F test). The F statistical test shows whether all the independent variables included in the model have a reciprocal relationship with the dependent variable. From the estimation results by 5%, from the distribution table F, the F-table value for F0.05 is 3.02. Based on the results of calculations through the E-views ten program, the F-statistics value is 55.58884, so that it can be compared that F-statistics > F-table. It is reinforced with a probability value of F-statistic = 0.000000 ⩽ probability value α = 0.05, H0 is rejected, and H1 accepted, it means a significant effect, and simultaneously, all the independent variables can explain the dependent variable or jointly.

The coefficient of determination (R2) essentially measures how far the model can explain variations in the dependent variable. The value of the coefficient of determination ranges from zero to one (0<R2<1). A small value of R2 means that the ability of the independent variables to explain the dependent variables is minimal. A value close to one means that the independent variables provide almost all the information needed to predict the variation of the dependent variable. The E-views ten program calculations show the value of R-squared = 0.806545, meaning that the dependent variable (community welfare) between districts/cities in South Sulawesi Province can be explained by independent variables (economic growth and income disparity) of 80.65%. At the same time, the remaining 19.35% is explained by other variables outside the model.

Discussion

Economic Growth between Regencies/Cities in South Sulawesi Province

The data processing results in table 5 show that economic growth between districts/cities in South Sulawesi Province fluctuates. The highest economic growth with an average of 8.65 is in Makassar City, and the lowest economic growth is in East Luwu Regency with an average of 3.78. The high and low levels of economic growth between regencies/cities in South Sulawesi Province are influenced by economic and non-economic factors. Economic factors include; natural resources, capital, technological progress, division of labor, and scale of production, while non-economic factors include; social factors, human factors, political factors, and work administration (Mukhtar, 2015:48). The cause of economic growth in Makassar City is much higher than in other regions because Makassar City is the center of the Capital City of South Sulawesi Province, the center of trade, industry, and the service sector. Thus the economic growth rate of Makassar City will increase rapidly compared to other areas dominated by the agricultural sector. The lowest economic growth in East Luwu Regency with an average of 3.78, this is because East Luwu Regency only relies on the mining sector, the agricultural sector, and the plantation sector to support its economic growth rate, so that when this sector experiences problems or declines it will affect economic growth. East Luwu Regency. The fluctuating economic growth is caused by the ups and downs of the value of the leading sector in each district/city in South Sulawesi Province so that it will affect the rate of economic growth of an area, especially in the district/city area in South Sulawesi Province which is still dominated by the agricultural sector which is dependent on the state of the economy nature or weather.

Klassen Typological Analysis

Developed and fast-growing area (Quadrant I)

The developed and fast-growing regions (Quadrant I) are Makassar City and Pangkep Regency, this is because the average value of GRDP Perkaipta and the average economic growth rate of Makassar City and Pangkep Regency are above the average GRDP per capita and the average growth rate South Sulawesi Province economy, can be seen in table 13.

Table 13. Klassen Typology Analysis Results 2005-2019

Distric/City	Average GRDP Per capita	Average rate of economic growth	Average GRDP Per capita	Average rate of economic growth
	Distric/City	Distric/City	South Sulawesi Province	South Sulawesi Province
Makassar	41,70	8,65	21,04	7,31
Pangkep	27,36	7,37		

Makassar City acts as a trade and service center, a center for industrial activities, government activities, and education and health services. In addition, geographically, Makassar City is very strategic in economic and political interests. From an economic point of view, Makassar City is a distribution service node that will undoubtedly be more efficient than other regions. Meanwhile, Pangkep Regency has a leading sector in the trade processing industry and has a reasonably vast potential for aquaculture, which reaches 12,527 ha (gross area). With production consisting of tiger prawns, fire shrimp, mujair, seaweed, and other fish. This is what drives the high per capita GRDP and the rapid economic growth rate of Makassar City and Pangkep Regency compared to South Sulawesi Province so that it is included in the category of developed and fast-growing regions (Quadrant I).

Developed but depressed area (Quadrant II)

The criteria for developed but depressed regions (Quadrant II) are East Luwu Regency. East Luwu Regency has an average per capita GRDP above the average per capita GRDP of South Sulawesi Province and an average economic growth rate below the average economic growth rate of South Sulawesi Province can be seen in table 14.

Table 14. Klassen Typology Analysis Results for 2005-2019

Distric/City	Average GRDP Per capita	Average rate of economic growth	Average GRDP Per capita	Average rate of economic growth
	Distric/City	Distric/City	South Sulawesi Province	South Sulawesi Province
Luwu Timur	38,39	3,78	21,04	7,31

East Luwu Regency has leading sectors, namely the agricultural sector, fisheries, manufacturing, trading industry sectors, and the mining sector. So far, the main attraction for East Luwu Regency for investors is natural resources, starting from the mining sector, namely nickel and iron, and in the agricultural sector in a broad sense, such as food crops, plantations, etc. fisheries. In addition, East Luwu Regency currently has a high export value for South Sulawesi Province by contributing 45% of the total highest export value of South Sulawesi. In an effort made by the East Luwu Regency government to attract investors, the government made policies that made it easier for investors and allowed investors to invest in East Luwu Regency by fulfilling the requirements without having to visit directly so that this is what drives the high average GRDP per capita in East Luwu Regency compared to the average GRDP per capita in South Sulawesi Province.

Fast growing area (Quadrant III)

The fast-developing areas (Quadrant III) category includes the Selayar Islands Regency, Bantaeng Regency, Takalar Regency, Bone Regency, and North Luwu Regency. This is because the average GRDP per capita of the district is below the average GRDP per capita of the province of South Sulawesi, and the average economic growth of the district is above the average rate of economic growth for the province of South Sulawesi, which can be seen in table 15.

Table 15. Klassen Typology Analysis Results for 2005-2019

Distric/City	Average GRDP Per capita	Average rate of economic growth	Average GRDP Per capita	Average rate of economic growth
	Distric/City	Distric/City	South Sulawesi Province	South Sulawesi Province
Selayar	13,97	7,62		
Bantaeng	15,02	7,59		
Takalar	11,65	7,37		
Bone	14,81	7,38	21,04	7,31
Luwu Utara	14,07	7,62		

As shown in table 14, the average GRDP per capita of the Selayar Islands Regency, Bantaeng Regency, Takalar Regency, Bone Regency, and North Luwu Regency is still very high low compared to the per capita GRDP of South Sulawesi Province. The Selayar Islands Regency, Bantaeng Regency, Takalar Regency, Bone

Regency, and North Luwu Regency are still dominated by the agricultural sector as an economic structure. Selayar Islands Regency has a competitive advantage, and a significant contribution value in the economy of the Selayar Islands Regency, in this case, namely the agricultural sector for food crop commodities, the most superior commodities to be used as the basis for the food crop sector in Selayar Islands Regency are corn, peanuts. , cassava and sweet potato. In addition, the Selayar Islands Regency is the largest producer of copra in South Sulawesi. Along with the drop in the national price of copra, it affected coconut/copra farmers in all regions in Indonesia; the impact also impacted copra farmers in the Selayar Islands Regency. So that regional income is experiencing obstacles that can decrease the GRDP of the Selayar Islands Regency.

The agricultural sector is a sector that is highly relied on by Bantaeng Regency because most of the population works as farmers. Potatoes are one of the most prominent horticultural crops. Besides potatoes, other horticultural crops are cabbage, carrots, and fruits such as bananas and mangoes. Takalar Regency has abundant natural resource potential, including a 500-hectare pond with one harvest that can produce 40 to 50 tons of shrimp seaweed which is potential in Takalar Regency because it has lawi-law, which is much better than other areas. Moreover, it has tourist attractions in great demand for local tourists, including Topojawa Beach and Galesong. Bone Regency has superior commodities in the agricultural and processing sectors, such as food processing, non-food agrochemical, forest products, metal machinery and electronics, and the agricultural product processing industry. North Luwu Regency has potential in the agricultural and plantation sectors. For plantations, the most significant primary commodities are cocoa and oil palm. Cocoa in North Luwu Regency is one of the most significant contributors in South Sulawesi Province, and there is also potential for spices, coffee, and others. While from the mining sector, namely gold and rampi.

Relatively underdeveloped areas (Quadrant IV)

Included in the category of relatively underdeveloped areas (Quadrant IV), namely; Bulukum-ba Regency, Jeneponto Regency, Gowa Regency, Sinjai Regency, Maros Regency, Barru Regency, Soppeng Regency, Wajo Regency, Sidrap Regency, Pinrang Regency, Enrekang Regency, Luwu Regency, Tana Toraja Regency, Pare-Pare City , Palopo City, with an average per capita GRDP and an average economic growth rate below the average per capita GRDP of South Sulawesi Province, can be seen in table 16.

Table 16. Klassen Typology Analysis Results for 2005-2019

Distric/City	Average GRDP Per capita	Average rate of economic growth	Average GRDP Per capita	Average rate of economic growth
	County/city	County/city	South Sulawesi Province	South Sulawesi Province
Bulukumba	11,46	6,52		
Jeneponto	9,68	6,16		
Gowa	9,78	7,22		
Sinjai	15,46	6,82		
Maros	20,89	6,80		
Barru	14,60	6,57		
Soppeng	15,94	6,75		
Wajo	18,68	6,09		
Sidrap	15,84	7,24	21,04	7,31
Pinrang	18,49	6,93		
Enrekang	12,38	6,06		
Luwu	14,62	6,96		
Tana Toraja	9,89	6,82		
Pare-pare	18,89	7,15		
Palopo	17,16	7,16		

Districts/cities in South Sulawesi still rely heavily on the agricultural sector as the leading sector for each region, so the money flow in people with agricultural and plantation main jobs is still deficient. This is because regencies/cities generally favor the agricultural sector as a source of income. The population also dramatically affects the level of GRDP per capita of districts/cities in South Sulawesi Province because if the GRDP of an area increases with a high rate of population growth, then GRDP Per capita will be low as in Gowa

Regency.

Analisis Disparitas Pendapatan Antar Kabupaten/Kota Menggunkan Alat Analisis Indeks Williamson

Differences in regional characteristics in the form of natural resources are one of the factors that encourage development inequality apart from other factors such as human resources, social resources, artificial resources (availability of socio-economic facilities and infrastructure), regional economic characteristics, and local government policies (Anwar, 2005). Along with the continuous development in a region, it will be followed by development inequality. This phenomenon shows that in the development process, which is spatial, inequality problems will arise. This condition shows differences in the level of development and the level of welfare in a region; some regions achieve rapid economic growth while others experience slow growth. The results of calculations using the Williamson Index show income disparities between regencies/cities in South Sulawesi Province in 2005-2019, as indicated by the Williamson Index value greater than 0. The lowest gap is in Wajo Regency, Pare-Pare City, and the city of Palopo, with an average Williamson Index value for 2005-2019 of 0.02. It is estimated that the decrease in income disparities between regions is caused by the implementation of regional autonomy and fiscal decentralization; regional autonomy and fiscal decentralization provide significant changes to equity and welfare because policies are determined according to the potential of each region and are better able to take into account regional conditions in the provision of goods. Goods, such as infrastructure, education, and health (Thornton, 2006). According to Pose (2007), fiscal decentralization provides significant changes to equity and welfare. This is because local governments (assuming closer to the people) can make policies that determine the public goods needed in their regions. Thus the local government produces a more efficient allocation function.

The highest gap is in Makassar City, with an average William-son Index value for 2005-2019 of 0.40. This inequality occurs because of the concentration of primary sector economic activities in certain areas, so that only part of the benefits are enjoyed, as well as the differences in natural resources owned by regencies/cities so that it affects environmental conditions and infrastructure between regions. Infrastructure in health and education must be prioritized and improved by the South Sulawesi provincial government because this is a very supportive factor so that human resources continue to develop and can manage natural resources well so that they have high added value for the progress of the region itself. This infrastructure development must be evenly distributed in every region in South Sulawesi Province so that inequality between regions is reduced or no longer exists.

The Relationship between Economic Growth and Income Disparities on Welfare Between Regencies/Cities in South Sulawesi Province.

The Relationship between Economic Growth and Community Welfare

Partially, the economic growth variable has a significant relationship to the welfare of the community with a negative value, meaning that the economic growth variable affects the welfare of the community, where a negative sign indicates that an increase in economic growth will reduce the welfare of the community between regencies/cities in South Sulawesi Province. In line with the classical growth theory in Siti Wasingah's research (2016), an increase in population will reduce the level of economic activity because the productivity of each resident has become negative, then the prosperity of society decreases, the economy will reach a shallow level of development, in this situation the income of workers only reaches the level of quite alive (subsistence). The results of this study are not in line with the theoretical basis put forward by Kuznet, which states that one of the characteristics of modern economic growth is the high growth of output per capita (Todaro, 2006). Output growth in question is GRDP per capita; high output growth changes consumption patterns in meeting needs. This means that the increasing economic growth, the higher the growth of output per capita and changing consumption patterns; in this case, people's purchasing power will be higher. The high purchasing power of the people will increase the Human Development Index because people's purchasing power is one of the composite indicators in the HDI, called the income indicator. The results of this study are in line with the results of research conducted by Ratu Eva Febriani and Yusnida (2020), which states that economic growth has a significant effect with negative values on the welfare of the people in Bengkulu Province. However, it is inversely proportional

to the research results conducted by I Komang Oka Artana Yasa and Sudarsana Arka (2015), which states that economic growth has a positive and significant impact on the welfare of the people of Bali Province.

From the regression results, it can be seen that increasing economic growth has a decreasing impact on people's welfare, and vice versa; if economic growth experiences a slowdown, it will encourage an increase in people's welfare between regencies/cities in South Sulawesi Province. This is because the management of income sources is still centralized in specific groups or individuals. A few only enjoy resources that everyone should enjoy. The community has not enjoyed investments that enter the district/city of South Sulawesi Province. Several areas in South Sulawesi Province are still lagging in development compared to other areas, especially areas far from the center of government. Economic development results do not only indicate the direction of achieving specific economic growth rates. Badrudin (2011) states that the success of economic development is not only based on the speed of economic growth but rather on increasing social welfare. That is why district/city governments in South Sulawesi Province need to distinguish between economic growth and development. These two terms have different meanings and definitions, so their impact on the economy of the district/city is also different. Thus, the economic growth in the districts/cities of South Sulawesi Province does not always create wealth for the community.

The Relationship of Income Disparity to Community Welfare

Partially, the income disparity variable has a significant effect on the welfare of the community with a negative value, which means that the income disparity variable affects the welfare of the community, where a negative sign indicates that an increase in income disparity will reduce the welfare of the community between regencies/cities in South Sulawesi Province. According to Patta (2012), the inequality of income distribution will negatively impact economic growth. It will also have a bad impact on the welfare of the people of a region. Tambunan (in Savitri, 2008) states that the disparity in the distribution of investment between regions can also be considered one of the main factors causing income disparities between regions. Investors tend to invest in developed areas because they facilitate access to certain facilities. Based on these problems, Kuznets (in Daryanto, 2012) said that growth in per capita income and inequality has a positive correlation in the short term. However, the correlation becomes negative in the long term. The results of this study are in line with the research of I Komang Oka Artana Yasa and Sudarsana Arka (2015), which states that income disparities between regions have a negative and significant effect on people's welfare and are in line with research by Abdel-Rahman and Ping Wang (1997), which shows a negative relationship Between income inequality between regions and people's welfare, the widening income inequality between regions will reduce the level of community welfare. The existence of a negative relationship between the value of income disparity with the community's welfare indicates that the welfare of the people between regencies/cities in South Sulawesi Province is determined by the decline in income disparities. The widening inequality between regencies/cities will lead to a decline in community welfare. The decline in income disparities between districts/cities will impact the creation of equitable development in each district/city in the province of South Sulawesi; in the end, the community's welfare will increase.

4 Conclusions

Based on the analysis results that have been described previously, it can be concluded that the economic growth between regencies/cities in South Sulawesi Province in 2005-2019 fluctuated. Classification of Regional Typology of South Sulawesi Province 2005-2019 Based on Klassen's typology, some areas are categorized as developed and fast-growing areas (Quadrant I), developed but depressed areas (Quadrant II), fast-developing areas (Quadrant III), and relatively underdeveloped areas (Quadrant III). Quad-ran IV). The Williamson Index shows disparities between districts/cities in South Sulawesi Province during 2005-2019. Partially, economic growth and income disparity significantly affect people's welfare among districts/cities in South Sulawesi Province.

In addition to pursuing a high rate of economic growth, the local government in its program is also expected to be able to more intensively carry out efforts to equalize income distribution and human development,

which of course has an impact on the welfare of the community between districts/cities of South Sulawesi Province and local governments in medium-term or long-term development policies. In order to prioritize development with a spatial dimension, not only sectoral but also pay attention to the geographical location of economic activity and reduce income inequality between regencies/cities of South Sulawesi Province. It is hoped that local governments must develop technology and attract investors from outside the region to develop superior products from each region to increase regional income.

5 References

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