Inequality in South Sulawesi; An Estimation of Development Transformation

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Abstract: Inequality in South Sulawesi; An Estimation of Development Transformation

This study was conducted to measure the impact of economic growth, human development index, agglomeration, unemployment rate, and local government spending on regional development disparities in South Sulawesi Province in 2014-2020. The novelty of this research is that it uses Panel Data Regression Analysis with the Random Effect Model (REM) approach and uses the Williamson Index to measure the level of disparity. Based on the results of panel data regression analysis using the REM approach, it shows that the variables of economic growth and local government spending have a negative and significant effect on disparities between regions, the human development index variable and the unemployment rate have no effect on disparities between regions, and agglomeration variables have a positive and positive effect. significant to the disparity between regions. Taken together, the variables of economic growth, human development index, agglomeration, unemployment rate and local government spending have an effect on disparities between districts/cities in South Sulawesi Province in 2014-2020. The implications of this research are, among others, to encourage development in South Sulawesi Province, it is necessary to improve the quality of human resources and the role of the government in developing the potential of each sector equally in order to reduce regional development disparities that occur.

Keywords: Economic Growth; HDI; Agglomeration; Government Expenditures; Disparity.

INTRODUCTION

Disparities between regions are common in economic activity in a country. There are many factors that influence the disparity, including large regional potential differences, differences in demographic conditions and socio-cultural conditions as well as the lack of

smooth mobility between regions resulting in each region having its own ability to develop its region, so that each region usually has relatively developed regions and regions. underdeveloped (Sjafrizal, 2017).

One of the causes of uneven development is one of the Indonesian government systems where local governments are given the authority to manage their own regions, commonly known as regional autonomy. The implementation of regional autonomy is expected to encourage regional economic growth with an equitable allocation of income. In fact, its realization depends on the fiscal readiness of each region. This is due to the inability of the regions to manage funds efficiently and poor administrative systems that hinder regional economic development and increase inequality (Kurniawan and Sugiyanto, 2013).

In improving people's welfare, it is necessary to have fast economic growth and equal distribution of income. This economic growth is measured by using the Gross Regional Domestic Product (GRDP) and its growth rate at constant prices. Rapid economic growth will lead to disparity in income distribution. This is because it does not pay attention to whether the growth has increased greater or less than changes in economic structure or population growth. The economy of a region is said to experience increased growth if the level of economic activity is higher than that achieved in the previous period. With increasing economic growth, this is not always followed by equity (Esquivias, 2020).

South Sulawesi Province is one of the provinces in Indonesia, each district/city has different potentials and problems that can cause economic disparities in each region. To detect any inequality that occurs, it can be seen from the development of GRDP in South Sulawesi Province over the last 5 years in graph 1. GRDP at constant prices is used to determine economic growth and provide an evaluation of real development performance in an area. It can be seen in graph 1. that the GRDP value based on the South Sulawesi region during the 2015-2020 period shows that there is still a significant distance between the GRDP between regencies/cities. It can be seen in the graph that the highest GRDP values are in the Makassar, Bone, and Pangkep areas. Then the lowest GRDP values are in the Selayar, Barru, and Enrekang Islands. The existence of a very striking difference in the highest and lowest GRDP indicates a disparity between regions.

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in the graph that the highest GRDP values are in the Makassar, Bone, and Pangkep areas. Then the lowest GRDP values are in the Selayar, Barru, and Enrekang Islands. The existence of a very striking difference in the highest and lowest GRDP indicates a disparity between regions.

Figure 1.   Top/Basic GRDP Constant Prices by District/City in the Province of South Sulawesi Years 2015-2020 (in million Rupiah)
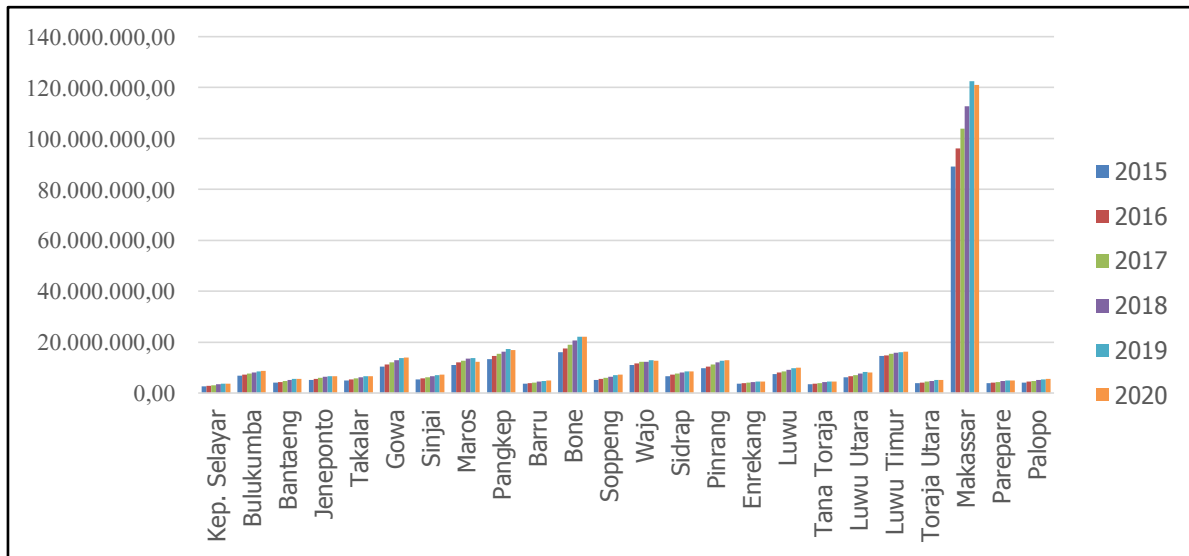
Source: BPS South Sulawesi, 2021.

Differences in demographic conditions in a region also affect regional disparities. The quality of human resources can usually be measured by the Human Development Index (HDI), the higher the HDI of an area, the higher the productivity of its population and will encourage an increase in population income. However, this can also lead to disparities because each region has a different HDI value (Gabriel *et al.*, 2021).

In addition, the high concentration of economic activity or agglomeration in an area can also be a factor that causes disparities in an area. Regions with high agglomeration tend to have a faster economy when compared to regions that tend to have relatively low agglomeration (Subandi, 2012).

The concentration of economic activity will directly increase development disparities and regions with high industrial concentrations will tend to have a faster pace of economic growth. In urban areas, industrial areas usually develop more strategically and have high productivity, so the problem of development disparity can occur due to industrial concentration (Andiny *et al.*, 2019).

In addition to the development process and economic growth, demographic conditions and the concentration of economic activity, differences in the pace of the economy as well as differences in demographic and employment structures, one of which is unemployment, can also lead to regional disparities. The higher the unemployment rate will affect the low level of productivity and will cause a decrease in economic growth in the region concerned, while in other regions there will be an increase in the level of welfare. So that this can lead to high regional disparities (Dhyatmika dan Atmanti, 2013).

According to Dhyatmika (2013), the role of the government is also the main element in overcoming regional disparities. The function and role of the government in this case is studied through government spending, government spending is the most important factor for regional economic development. Increasing government spending will have a good impact on economic growth in a region.

Based on data from the Central Statistics Agency of South Sulawesi Province, district/city government spending in South Sulawesi Province from the last five years during the 2014-2020 period, shows a trend that tends to increase, this indicates that the government's role in the economic sector is increasing. In 2015 it was 33,557,316,320. however, in 2017, it decreased by 1.2% from 2016. Then, in the 2018 period it began to show an increase until 2020 with local government spending of 36,092.126525.

Several researchers have conducted research on development disparities between regions and each study shows different results. Like the research of Yusica, dkk, (2018) which shows that economic growth has a negative effect on regional disparities. The results of research conducted by Juli et. al., (2020) which shows that the human development index (HDI) variable has a positive and significant effect on regional development disparities. Then the results of research by Kurniawan and Sugiyanto, (2013) which shows that the human development index (HDI) variable has a positive and significant effect on regional development disparities. Then the results of research by Hindun *et al.,* (2019), which concluded that the open unemployment rate has a positive and significant effect on development disparities. Another study was also conducted by Sambodo *et al.,* (2020) which showed that government spending had a significant influence on regional development disparities.

The novelty of this research is that regional development is not always evenly distributed and so far, disparities between regions are still a serious problem, especially in South Sulawesi. The high economic growth, good human development index and increasing

local government spending do not seem to indicate an equitable development. And also the concentration of economic activity and the high unemployment rate in a region can also encourage disparities between regions. Therefore, it is important to conduct an inequality study considering that disparity is a measure of the success of a region's development, so there is a need for in-depth research related to development disparities between regions in South Sulawesi Province in order to provide crucial information to support the government when making economic strategies in overcoming these problems.

LITERATURE REVIEW

Development is a process of economic improvement accompanied by structural changes in economic activity. Development does not only examine the problem of the trend of national income, but also the renewal of economic activities such as the improvement of the traditional sector and the problem of accelerating economic growth as well as reducing the gap in income development. In general, development is always accompanied by growth, but growth is not necessarily accompanied by development. At the initial level, economic development is accompanied by growth and vice versa (Nurhuda, 2013).

Adherents of the Neo-Classical Model argue that at the beginning of the development process the mobility of production factors, both capital and labor, was not smooth. As a result, at that time capital and skilled labor tended to be concentrated in more developed areas, so that regional development disparities tended to widen. However, if the development process continues, with better infrastructure and communication facilities, the mobility of capital and labor will also be smoother. In the end, if the country has advanced, the disparity in regional development will decrease (Sjafrizal, 2008). The endogenous growth model was developed to complement the Neo-classical growth theory. The theory of endogenous growth initially developed in two branches of thought that rested on the importance of human resources as the main key in the economy (Roberta, 2007).

In cumulative causation theory, Myrdral states that expansion that occurs in a region has a bad impact (backwash effect) on other regions or the surrounding area. The occurrence of the flow of labor (migration), capital movements and also trade which is a means for the cumulative process, pointing upwards to regions with good fortune. So expansion will be beneficial for areas that have rapid expansion and detrimental for other regions (Shabrina *et al.*, 2021).

According to Simon Kuznets, his analysis explains that development in a country within certain limits can trigger economic disparities among people (Hartmann and Pinheiro, 2022). In his analysis, Kuznet found that the relationship between the level of income inequality and the level of income per capita was in an inverted U shape, which indicated that in the early stages of growth the distribution of income or welfare tends to deteriorate. But in the next stage, as per capita income increases, the distribution of income will improve (Nurhuda, 2013). According to Sjafrizal, (2008) inequality between regions occurs due to differences in endowment factors in the form of differences in natural resource wealth and demographics owned by each region. Differences in natural wealth owned by an area can affect the production process of the area and distinguish them from one another. Regions that have high availability of natural resources can produce certain goods in larger quantities and at lower prices than regions that have limited natural resources.

Growth and equity can be achieved together, through government intervention. Although there is no consensus on the concept of inclusive growth, one approach that can be used to understand inclusive growth is that the poor get a share of the results that are at least equal to other communities (Ranieri and Ramos, 2013). According to Felipe, (2012) growth is said to be inclusive if all community members participate and contribute to the growth process according to their abilities. Inclusive growth emphasizes efforts to increase growth accompanied by success in reducing poverty and inequality.

In the view of Musgrave and Rostow, developing a development model of government spending, which relates the development of government spending to the stages of economic development. The development of state expenditure is in line with the stage of economic development of the country. In the early stages of economic development, government investment is required, primarily to provide infrastructure. In the middle stage of economic development, investment is still needed for economic growth. However, it is hoped that private sector investment will begin to develop. In the next stage of economic development, government spending is still needed, mainly to improve people's welfare. Then a large revenue budget is needed to finance the expenditure budget for development financing (Mangkoesoebroto, 1998).

According to Peacock dan Wiseman (Siringoringo *et al.*, 2021) argue that the government is always trying to increase spending, while people do not like to pay more and more taxes to finance the growing government spending. Peacock and Wiseman base their theory on a theory that society has a level of tax tolerance, which is a level where people can

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understand the amount of tax levy required by the government to finance government spending. So people realize that the government needs funds to finance government activities so that they have a level of willingness to pay taxes (Digdowiseiso *et al.*, 2021).

RESEARCH METHODS

In this research, the type of research used is quantitative approach research. Quantitative research is an approach that emphasizes numerical data (numbers) whose analysis is processed using statistical methods. while the source of data used is secondary data obtained from the Central Statistics Agency of South Sulawesi Province. In this study, there are 5 independent variables, namely Economic Growth (X1), Human Development Index (X2), Agglomeration (X3), Unemployment Rate (X4), Local Government Expenditures (X5), while the dependent variable in this study is the Disparity Between region (Y).

The type of data used in this research is in the form of quantitative data in the form of panel data. This panel data combines cross-sectional data for districts/cities in South Sulawesi Province and time series data for the 2011-2020 period. The analytical model used is panel data regression analysis which is used to determine the effect of independent variables on the dependent variable. Data analysis was carried out by statistically testing the variables that had been collected by using panel data regression using the Eviews 12 data processing program. The following is a data regression estimation model panels, namely:

$$Vw = \beta_0 + \beta_1 GDP_{it} + \beta_2 HDI_{it} + \beta_3 AGGLO_{it} + \beta_4 UR_{it} + \beta_5 GE_{it} + \varepsilon it$$

Keterangan:

Vw   : Development Disparities Between Regions as measured by the Williamson Index
PE   : Economic Growth (GDP)
IPM   : Human Development Index (HDI)
AGLO   : Agglomeration
TP   : Unemployment Rate
BP   : Local Government Expenditure
i   : Regency/City (Cross Section)
t   : Years (Time Series)
β_0 : Constant/ Intercept
$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$: Regression coefficient on each independent variable
ε   : error term

Modeling Test

To choose the estimation model that is considered the best for panel data regression analysis among the three types of models, it is necessary to carry out a series of tests. The test consists of two stages, namely the Likelihood Ratio Test and the Hausman Test (Nuryanto & Pamboko, 2018) :

1. Likelihood Ratio Test

Likelihood Ratio test is used to select the best model between Pooled Least Square (PLS) or Fixed Effect Model (FEM) in estimating panel data.

2. Hausman Test

Hausman test is used to select the best model between Random Effect Model (REM) or Fixed Effect Model (FEM) in estimating panel data.

Goodness of Fit Test

After selecting the best model, the next step is statistical testing or model feasibility testing. In this study, several statistical tests were carried out, namely (Nuryanto & Pamboko, 2018) :

1. Partial Significance Test (t-Statistical Test)

The t-test is a test carried out to determine the effect of each independent variable on the dependent variable

2. Simultaneous Significance Test (F-Simultaneous Test)

The f test is a test conducted to determine whether all independent variables simultaneously affect the dependent variable.

3. Determinant Coefficient Test (R^2)

The coefficient of determinant is an important measure in regression, because it can inform whether or not the estimated regression model is good. The value of the determinant coefficient reflects how much variation of the independent variable can be explained by the independent variable.

RESULT AND DISCUSSION

Development Disparities Between Regions

Inter-regional Development Disparity is the difference in income between regions based on the magnitude of the deviation of the GRDP per capita of the district/city from the average GRDP per capita of the province as measured by the Williamson Index. The Williamson index ranges from 0 to 1. If the Williamson coefficient is 0 or away from the number 1, it means

perfect equality, while if it is 1 or close to 1, it means that inequality is absolutely perfect. If the Williamson Index value <0.3 is included in the category of mild inequality, if the Williamson index value is between 0.3 and 0.5, it is included in the category of moderate inequality, and if the Williamson index value> 0.5 is in the category of high inequality.

Table 1.   Williamson Index in Sulawesi Province 2014-2020

| Years	Williamson Index
2014	0.630
2015	0.678
2016	0.677
2017	0.610
2018	0.622
2019	0.707
2020	0.695
Average	**0.660**

Source: Secondary data output after processing, 2021 (Kahirul, 2021).

The Williamson Index in South Sulawesi Province above, shows that in 2014 the Williamson Index number was 0.630, then increased in 2015 the Williamson Index number was 0.678; in 2016 the Williamson Index number was 0.677, and continued to decline in 2017 the Williamson index number was 0.610, in 2018 the Williamson Index number increased by 0.622 until in 2019 the Williamson Index was 0.707, and decreased in 2020 the Williamson Index figure was 0.695 with an average The average Williamson Index during the 2014-2020 period reached 0.660. This means that the average GRDP per capita between districts in South Sulawesi Province is relatively uneven or disparities are increasingly occurring from 2014 to 2020. To indicate the large inequality between districts/cities in South Sulawesi province, see the following graph.

Based on figure 2. above, it shows the development of the Williamson Index between regions in South Sulawesi Province, there are still regions that have high inequality. Based on the average coefficient of the Williamson Index during the 2014-2020 period, the highest was Makassar with an average value of 0.28. In the second position is occupied by Gowa Regency

with an average value of 0.24. In the third position is occupied by Jeneponto Regency with an average value of 0.22. The fourth position is occupied by East Luwu Regency with an average score of 0.17, and the fifth position is occupied by Bulukumba Regency with an average score of 0.15. This shows that the coefficient number is getting closer to 1 or in other words the area is really an inequality. Then the average value of the lowest Williamson Index coefficient is occupied by the Palopo Regency, Pare-Pare Regency, and Pinrang Regency with an average Williamson Index value of 0.02. This shows that the coefficient value is getting further away from the number 1, so that the development that occurs in the area is more evenly distributed.

Figure 2. The Average Development of the Williamson Index Between Regencies/Cities in South Sulawesi Province Years During the 2014-2020 Period
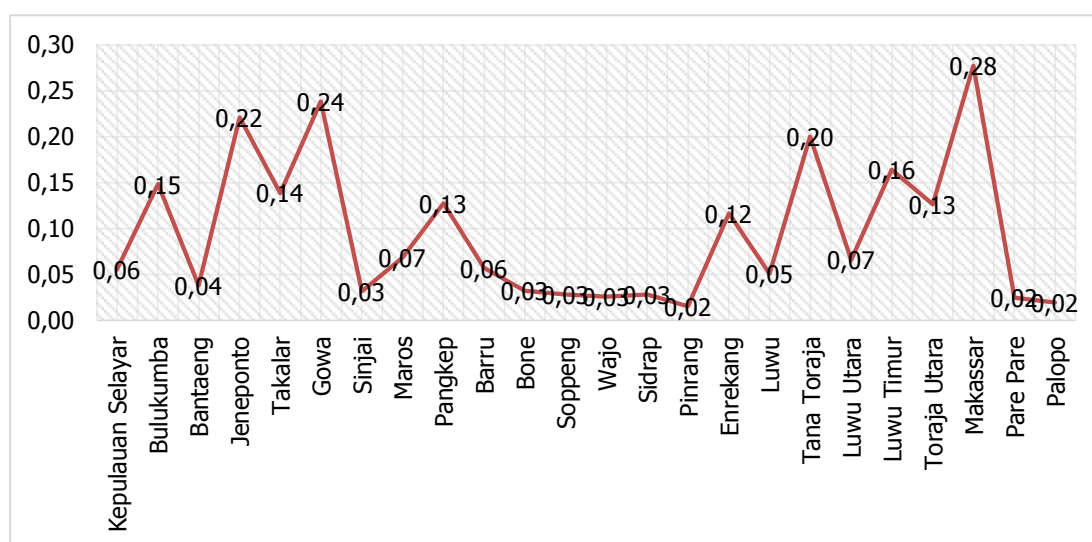
Source: Secondary data output after processing, 2022 (Kahirul, 2022).

Selection of Panel Data Regression Estimation Model

1. Likelihood Ratio Test

Table 2. Likelihood Ratio Test.

Effects Test	Statistic	d.f.	Prob.
Cross-section F	13.260492	(23,139)	0.0000
Cross-section Chi-square	195.103621	23	0.0000

Source: Secondary data output after processing, 2021 (Kahirul, 2022).

Based on the table above, the probability value of cross-section F from calculations using Eviews-12 is 0.0000 and this value is greater than the significance level = 5% (0.0000 < 0.05), then H_0 is rejected and H_1 is accepted. Thus, the selected model is the Fixed Effect Model.

2. Hausman Test

Table 3. Hausman Test Results.

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	0.000000	5	1.0000

Source: Secondary data output after processing, 2021 (Kahirul, 2022).

Based on table 3., the results of the Hausman Test show that the probability value of Cross-section Random is 1.0000 which is greater than the significant level = 5% (1.00000 > 0.05) which means H_0 is accepted and H_1 is rejected so that the best model which can be used in this study is the Random Effect Model.

From the estimation results of the model that has been carried out, the Random Effect Model is a panel data model used in this study and can be explained through the following equation:

Table 4. Results of Panel Data Estimation with Random Effect Model Approach.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	84.33610	13.50986	6.242561	0.0000
LOGGDP?	-2.370333	0.871487	-2.719872	0.0072
LOGHDI?	-4.038224	3.757221	-1.074790	0.2841
LOGAGGLO?	3.589361	0.738789	4.858436	0.0000
LOGUR?	0.016435	0.205270	0.080065	0.9363
LOGGE?	-1.725114	0.553092	-3.119038	0.0021

Source: Secondary data output after processing, 2021 (Kahirul, 2022).

$$
\begin{aligned}
LOGIW = {} & 84.33610 - 2.370333\, LOGGDP_{it} - 4.038224\, LOGHDI_{it} \\
& + 3.589361\, LOGAGGLO_{it} + 0.016435\, LOGUR_{it} - 1.725114\, LOGGE_{it} + \varepsilon
\end{aligned}
$$

Based on the results of the panel data estimation and the above equation, it can be interpreted as follows:

1) The economic growth variable has a coefficient value of -2.370333 which means that every 1 unit increase in economic growth, it will reduce the development disparity by 2.370333. The sign of the coefficient is negative which indicates that economic growth has a negative effect on disparity.

2) The Human Development Index (HDI) variable has a coefficient value of -4.038224, which means that every 1 unit increase in the human development index, it will reduce the development disparity by 4.038224. The sign of the coefficient is negative which indicates that the human development index has a negative effect on development disparities.

3) Agglomeration variable has a coefficient value of 3.589361, which means that every 1 unit increase in agglomeration will reduce development disparities by 3.589361. The sign of the coefficient is positive which indicates that agglomeration has a positive effect on development disparities.

4) The Unemployment Rate variable has a coefficient value of 0.016435 which means that every 1 unit increase in the unemployment rate will reduce the development disparity by 0.016435. The sign of the coefficient is positive which indicates that agglomeration has a positive effect on development disparities.

5) The Regional Government Expenditure Variable has a coefficient of -1.725114 which means that every 1 unit increase in local government spending will reduce the development disparity by 1.725114. The sign of the coefficient is negative which indicates that regional government spending has a negative effect on development disparities.

Goodness of Fit Test

1. Determinant Coefficient Test (R^2)

Table 5. Results of the Coefficient of Determinants (R^2).

R-squared	0.436195
Adjusted R-squared	0.418794

Source: Secondary data output after processing, 2021 (Kahirul, 2022).

Based on table 5., shows the R-squared value of 0.436195 or 43.61%, which means the value of the independent variables, namely economic growth, HDI, agglomeration, unemployment rate, and local government spending can explain the dependent variable,

namely the disparity in development between regions of 43 ,61%. While the rest can be explained by other variables not included in this study of 56.39%.

2. Simultaneous Significance Test (F-Simultaneous Test)

Table 6. Simultaneous F-Test Results.

F-statistic	25.06672
Prob(F-statistic)	0.000000

Source: Secondary data output after processing, 2021 (Kahirul, 2022).

Based on table 7. above, it shows a probability value (F-simultaneous) of 0.000000 or less than = 5% (0.000000 < 0.05) which means H_0 is rejected and H_1 is accepted so that the variable of economic growth, human development index , agglomeration, unemployment rate, and local government spending together affect the development disparity between regions in South Sulawesi Province.

3. Partial Significance Test (t-Statistic)

Table 7. Partial Significance Test Results.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	84.33610	13.50986	6.242561	0.0000
LOGGDP?	-2.370333	0.871487	-2.719872	0.0072
LOGHDI?	-4.038224	3.757221	-1.074790	0.2841
LOGAGGLO?	3.589361	0.738789	4.858436	0.0000
LOGUR?	0.016435	0.205270	0.080065	0.9363
LOGGE?	-1.725114	0.553092	-3.119038	0.0021

Source: Secondary data output after processing, 2021 (Kahirul, 2022).

Based on the results of hypothesis testing of each research variable, it can be interpreted as follows:

1. The Effect of Economic Growth (GRDP) on Development Disparities Between Regions and Municipalities in South Sulawesi Province

Based on table 8., it shows that economic growth has a negative and significant effect on development disparities as measured by the Williamson Index with a significance level of 5%. The coefficient value obtained is -2.370333, which means that if economic growth

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increases by 1%, it will decrease by 2.37033.

This is in line with the results of research by Topuz, (2022) who found that economic growth as measured by GRDP has a negative effect on inequality. This shows that an increase in economic growth can lead to a decrease in development disparities in a region. Because economic growth can directly reduce poverty levels and increase people's purchasing power. In addition, economic growth that runs in accordance with the government's target will directly increase the production capacity and income of the people in every line of the economy and will ultimately reduce inequality.

However, this research contradicts the research of Panzera dan Postiglione, (2022) who found that economic growth has a positive and significant relationship to inequality in a region.

2. The Influence of the Human Development Index on Development Disparities between Regencies/Cities in South Sulawesi Province

Based on the results of research that has been carried out, that the influence of the human development index on disparities between regions in South Sulawesi Province shows a coefficient value of -4.038224 with a probability value of 0.2841 which means that the human development index has a negative and insignificant effect or in other words does not affect regional disparities.

According to Becker in Olabu *et al.,* (2022) the Human Development Index has an effect on inequality, but Becker only examines the role of formal education on economic growth. Meanwhile, in the Human Development Index, there are three components, namely the health index, education index and expenditure index. So the estimate is made by taking all the components that make up the human development index is different if it takes only one component.

According to Human Capital theory, education has an influence on economic growth and will reduce disparities and assumes that population growth is determined by individual productivity. If everyone has a higher income due to higher education, the population's economic growth can be supported, with economic growth either directly or indirectly having a negative effect on disparities (Muslimah *et.al.,* 2021). However, the results of this study contradict the research of Shabrina et al., (2021) which concludes that the human development index has a positive and significant effect on disparities between regions. The

results of this study are also different from the results of research by Ferreira, Gisselquist and Tarp, (2022) which states that the human development index has a negative and significant influence on regional disparities.

3. The Effect of Agglomeration on Development Disparities Between Regions in South Sulawesi Province

Based on statistical analysis and tests that have been carried out in this study, that the effect of agglomeration on disparities between regions in South Sulawesi Province shows a coefficient value of 3.589361 with a probability number of 0.0000, it can be concluded that agglomeration has a positive relationship and has a significant effect on disparity. between regions, thus indicating that agglomeration variables can lead to increased disparities between regions.

According to Perroux (in Syarifuddin , 2021) said that from the aspect of location, regional development is uneven and tends to agglomerate (concentration) in growth centers. Furthermore, these growth centers will affect areas that are slow to develop. In addition, agglomeration can be influenced by several factors, including the presence of excess resources in certain areas, uneven distribution of transportation facilities, as well as demographic conditions that can also affect agglomeration, where economic activity will tend to be concentrated in areas where there are available qualified workers or experts.

The concentration of high production activities in some districts/cities in South Sulawesi Province such as Makassar City which is one of the largest industrial centers, so that it can stimulate the regional economy tends to be relatively fast. Meanwhile, regions that tend to have a relatively low concentration of production activities will widen the unemployment rate and will reduce local community revenues and will ultimately increase regional disparities, especially between regions in South Sulawesi. The results of this research are also in accordance with other research conducted by Shabrina *et al.,* (2021), Wang and Dong, (2022), Kong *et al.,* (2022) which concluded that agglomeration has a positive relationship and has a significant effect on disparities between regions. . However, this is contrary to the research results of Li, Y. and Jian, (2022) which found that agglomeration has a negative effect on development inequality.

4. The Effect of Unemployment Rate on Development Disparities Between
   Regencies/Cities in South Sulawesi Province

Based on the analysis and testing that has been done in this study, the effect of the
unemployment rate on the disparity between regions in South Sulawesi Province shows that
the coefficient value is 0.16435 with a probability value of 0.9253 which means that the
unemployment rate has a positive and insignificant effect on regional disparites. . So that a
1% increase in the unemployment rate will have no effect or will not be followed by an
increase in disparity of 0.16435%.

This is contrary to the research conducted by Pal, S., Villanthenkodath, M.A., Patel,
(2021), Zusanti *et al.,* (2018) which showed a positive and significant influence between the
unemployment rate on regional disparites. Where the theory explains that if the
unemployment rate is higher in an area, the value of wages received by the community will be
smaller. That way the value of national income will be even smaller. However, if the workforce
carries out economic activities, it will increase the income of the community, thereby increasing
welfare and reducing disparities in an area.

However, the results of this research prove that the unemployment rate has no effect
on regional disparites. The insignificant relationship in the unemployment rate variable is
thought to be due to programs and policies issued by the government that can help ease the
burden on the community, one of which is the Hopeful Family Program, Poor Rice, Non-Cash
Food Assistance, Smart Indonesia Card, Healthy Indonesia Card. From this assistance, it is
hoped that the daily needs of the community can be fulfilled, even though the distribution is
not evenly distributed or has not reached every region in South Sulawesi. Apart from that,
what can cause this insignificance is because the unemployment rate is categorized as
someone who does not carry out economic activities and in meeting their daily needs, most of
them still depend on working families so this condition does not affect all economic activities,
including regional disparites. However, this research is in line with Ghantarchyan & Torosyan,
(2022) finding that the unemployment rate variable has a positive relationship and does not
have a significant effect on disparities between regions.

5. The Influence of Local Government Expenditures on Development Disparities Between
   Regencies/Cities in South Sulawesi Province

Based on the analysis and testing that has been done in this study, the effect of local

government spending on disparities between regions in South Sulawesi Province shows that the coefficient value is -1.725114 with a probability value of 0.0021 which means that local government spending has a negative and significant influence on regional disparities. So that a 1% increase in local government spending will reduce the disparity by 1.725114%. This shows that if local government spending increases, it will reduce development disparities between regions in South Sulawesi Province.

Wagner, who said that government spending will gradually increase along with the increasing role of government. The more government spending increases, the various programs run by the government related to improving people's living standards and regional development processes will also increase. Government spending becomes an injection of the economy through programs or activities to encourage the productivity of the available resources. For example, spending will drive the productivity of business units in the region because the output produced by large industries and MSMEs will be absorbed more, so that people's incomes will increase and help reduce disparities.This study is also in accordance with the results of research conducted by Mansyur *et al.*, (2021) which concluded that government spending has a negative and significant effect on regional disparities.

CONCLUSION

Based on the results of previous research and analysis, it can be concluded that economic growth has a negative and significant effect on disparities between districts/cities in South Sulawesi Province. This can be seen from 2014-2020 the rate of economic growth in South Sulawesi experienced a significant increase so as to reduce the development disparities that occurred. It is different with the human development index and the unemployment rate, which do not have a significant effect on disparities between districts/cities in South Sulawesi Province. Agglomeration has a positive and significant effect on disparities between districts/cities in South Sulawesi Province. thus indicating a concentration of economic activity in certain areas, thereby widening disparities. And local government spending has a negative and significant effect on disparities between districts/cities in South Sulawesi Province. The implications of this research are, among others, to encourage development, it is necessary to improve the quality of human resources and the role of the government in developing the potential of each sector equally to reduce disparities in regional development in South Sulawesi Province.

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