Development Inequality Analysis Between District and Identification of the Leading Economic Sector

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Abstract

Development inequality between urban areas and rural areas occurs because development is more focused on urban areas than on rural areas development which results in obstruction of the development of rural areas. To determine the level of regional development inequality based on the Williamson Index during the period 2011 - 2017, the pattern of development inequality, an overview of development inequality, the pattern of shifting economic structures, potential economic sectors, an overview of leading and potential sector conditions. We collected data for 7 years from 2014 to 2020 which are in the central Lombok district and kecamatan that have economic and development advantages. This study is a mixed methods study, which is a research step by combining two approaches in qualitative and quantitative research. This study shows that the inequality index of PDRB per capita between districts in Central Lombok Regency is based on Williamson Index with moderate disparities. Klassen typology analysis indicates that the income of the kecamatan is still relatively low in comparison. The inequality picture between sub-districts in Central Lombok Regency based on the Klassen typology analysis of the 12 existing Districts shows that only Pujut District is included in the sub-district with rapid growth region. with the results of the research the sub-districts in Central Lombok district have relatively low income and development levels, but Pujut sub-district has an attraction for investors by seeing the high income from the tourism sector.

Keywords: *Development Inequality; Shifting Economic Structure*

Introduction

Development is a multidimensional process that involves various fundamental changes in social structures, social behavior, and social institutions, in addition to accelerating economic growth, equal distribution of income inequality, and poverty eradication (Todaro, 2007). However, in reality, economic growth is not always able to accelerate with adequate equity (Arsyad, 1999: 108). The concept of equitable development, which is supported by sustainable economic growth in the process, is also influenced by changes in social, economic, and political realities (Rustiadi et al. 2011). Economic

development that is increasingly oriented towards market mechanisms and a shift in economic structure inequality in development between regions is difficult to avoid.

The high concentration of economic activity between regions in certain regions tends to increase the inequality of development between regions. Some regions have achieved significant growth, while others have experienced slow growth. (Sjafrizal, 2008). Development inequality between regions can occur both horizontally, namely, in the form of differences between rural and urban areas, between hinterland and border areas, and vertically, namely, in the form of differences in income distribution between communities. Reducing inequality in regional development is remove a long-term effort, the results of which are not immediate enjoyed in the short term, but unresolved development inequality between regions will be a serious problem and can lead to issues of justice (Prastowo; 2014).

The contribution of Indonesia's economic growth based on the island is still dominated by the island of Java and followed by the island of Sumatra, the other islands that contribute on average growth below 10 percent. The existence of a concentration of development on the island of Java compared to the islands outside Java makes Java the largest source of the formation of Indonesia's economic growth by nearly 60% on the island of Java (Anfana; 2018). remove, inequality does not only occur between Java and outside Java, it also occurs between regions or regions.

Furthermore, Anfana said that based on GDP at constant prices during 2008-2016, NTB Province grew by an average of 5.97% per year, when compared to the average - average growth rate of Bali Province and NTT Province, the average economic growth rate of NTB is between the two provinces, Bali Province has the highest average growth rate of 6.27% and the average growth rate of NTT Province is the lowest, namely 5.13 %. According to Kuncoro (2004), development within the scope of the country is not always spatially even. Some regions can achieve significant growth, while some other Regions experience slow growth.

According to Tambunan (2003) regional development imbalances can be caused by centers of economic activity, differences in resources, accessibility, demographic conditions, and investment allocations. Even by Gleaser (2006) and quoted by Kumara (2015), inequality is determined by the level of development, ethnic heterogeneity, and is related to dictatorship and the government's failure to implement property rights.

The success of development cannot be separated from the role of the government in determining the direction and investment of development as an effort to improve community welfare and equitable development. One form of the government's direct role is through government budget intervention in allocating economic resources in the form of goods and services needed by local communities.

Therefore, consistency in policy and planning as well as budget mainstreaming related to development, inequality reduction programs, and activities is essential. Thus far, various government efforts to reduce development disparities between regions, either directly or indirectly, in the form of a regulatory framework and a budget framework are expected to impact on the progress of the regional economy which in turn creates increased development in the regions. To provide an overview of revenue and expenditure, both direct and indirect expenditure which is also a picture of the financial capacity of the Central Lombok Regency Government in financing its development process as seen in the following table:

Table 1: Comparison of Realized Income and Expenditure in Central Lombok Regency
Fiscal Year 2014 - 2020

Fiscal year	Income	Shopping	Proportion of Expenditure & Income	Proportion of Direct & Indirect Expenditures
2014	924,800,267,124.28	872,973,972,012.37	0.9440	0.3151
2015	1,047,531,877,742.40	1,010,143,130,025.26	0.9643	0.4417
2016	1,107,732,410,909.40	1,190,331,361,485.00	1.0746	0.5536
2017	1,295,676,120,126.46	1,297,893,219,852.46	1.0017	0.4883
2018	1,647,221,861,194.20	1,668,839,731,817.29	1.0131	0.4891
2019	1,923,943,135,886.31	1,959,225,561,383.46	1.0183	0.6139
2020	1,833,758,150,546.31	1,824,001,732,263.31	0.9947	0.6100

Source: 1. Central Lombok Regency Budget Realization Report 2014-2020
2. RKPD, Central Lombok Regency, 2014-2020

In terms of development expenditure for the Central Lombok Regency Government which is increasing from year to year. However, if viewed from the existing type of expenditure structure, indirect expenditure is an expenditure that is "given" because this expenditure is allocated for personnel expenditure needs and is not related to the expenditure that directly affects the fulfillment of community needs. From the 2011 to 2017 fiscal year, the average proportion of direct expenditure to indirect expenditure is 50.167%, the remaining only 49.833% is allocated for direct expenditure needs, the relatively low allocation of direct development expenditure, of course, will be a problem in the formulation and pengemplementasian regional economic development programs that have been planned on both compulsory and optional existing functions.

This budget constraint condition will require a priority scale in determining development programs both on existing development issues and on regional development priorities. The regional government has not prioritized development in underdeveloped areas because areas that are relatively underdeveloped are considered unable to generate local revenue (PAD) directly. development of an area. As a result, the regions underdeveloped are considered not to be priority development areas by the regional government. The various programs that have been developed to bridge regional disparities so far have not achieved sufficient results. The allocation of development budgeting as an instrument to reduce economic inequality seems to need more attention in the future. The budget allocation strategy must encourage and accelerate national economic growth as well as a tool to reduce regional disparities / inequalities (Majidi, 1997).

As the driving wheel that drives changes in inequality in a region, infrastructure plays a significant role in regional development. Sukwika (2018), several empirical facts show that the development of adequate infrastructure capacity in a region goes hand in hand with the development of regional development because it will encourage an increase in the productivity of regional production factors. Inequality in development between urban and rural areas occurs because development is more focused on the region urban areas compared to the development of rural areas, which results in obstruction of the development of rural areas.

Bakri et al. (2015) stated that the imbalance or gap between growth and development in relatively more developed and underdeveloped areas can cause uncontrolled urbanization effects. Urbanization is the result of urban and economic development, which ultimately affects city dynamics, especially in relation to the ability of cities as a power attractiveness for people to work and live. Part of the community who want to improve life and get adequate basic services prefer to move to more developed areas. Population problems faced in efforts to develop disadvantaged areas are reflected in the level of distribution of the population in an area, which can indicate an imbalance in development between regions.

The experience of development in three decades shows that what happens is that people at the grassroots level do not always enjoy the expected development results, even in many countries, the socio-economic gap is widening. Even though income and consumption have increased as a result of rapid economic growth, only a group of people who are already well and more capable can take advantage of the opportunities. The achievement of economic growth which continues to increase but does not automatically eliminate the disparity in development. The most obvious development inequality is in the income aspect which gives rise to the rich and poor, the spatial aspect which results in developed and underdeveloped regions, and the sectoral aspect which causes the existence of superior and non-superior sectors. (Mopangga; 2010), A just economic and development system is a system that places people's problems and needs as the basis for policy-making and sees the backwardness of the region as one that must be immediately covered in order to realize the people's welfare evenly. Instead of being more equitable and fair, the cake of development is actually enjoyed by fewer people and groups.

Research Methods

This research is a mixed methods research, which is a research step by combining two approaches in qualitative and quantitative research. Creswell (2010) states that mixed research is a research approach that combines qualitative research with quantitative research. Meanwhile, according to Sugiyono (2011), mixed methods are research methods by combining two research methods at once, qualitative and quantitative in a research activity, so that more comprehensive, valid, reliable, and objective data will be obtained. Mixed methods here are an integrative approach so that later they are able to obtain and provide a better understanding.

The combination of the results of quantitative and qualitative data analysis is carried out by comparing the results of quantitative research conducted in the first stage with the results of qualitative research conducted in the second stage. Through this stage of ananilis, information will be obtained whether the two results of this data analysis complement, expand, deepen, or contradict one another. If it is found that the two results of the analysis are different or contradictory, the results of the qualitative analysis are tested for their reliability again by increasing persistence, conducting triangulation, and member checking. Furthermore, the results used are qualitative research results that have been tested for credibility.

Results and Discussion

The difference in the level of development will result in different levels of welfare between regions and in turn lead to regional inequality. One of the indicators used to show the level of welfare of the population in one region is per capita income. The size of the PDRB per capita inequality between subdistricts provides an overview of the conditions and development of development in Central Lombok Regency. Capita between subdistricts was analyzed using the Williamson inequality index.

**Table 2: Williamson Index of Central Lombok Regency
2015–2020**

Year	Williamson Index
2015	0.39051
2016	0.40972
2017	0.41796
2018	0.40138
2019	0.40248
2020	0.40009
Index Mean	0.40369

Source: Processed Data

Based on Table 2 shows the figure for the inequality index of per capita GRDP between districts in Central Lombok Regency based on the Williamson Index during the 2015 to 2020 period, namely, with an average of 0.40369 which means that the inequality of GDP per capita between districts in Central Lombo Regency is moderate. Inequality between subdistricts that occurred in Central Lombok Regency from 2015 to 2020, there is an increasing trend, for example, in 2015, the value of the Williamson Index was 0.39051, increased to 0.40972 in 2016, and increased again to 0.41796 in 2017. Fluctuations with a downward trend occurred from 2017 to 2020. The decrease in inequality was caused by the increase in the growth rate of per capita income in Central Lombok Regency. The average in subdistricts has generally experienced an increase in the growth rate of per capita income so that this has led to a decrease in inequality from 2017 to 2020. An illustration of the trend of increasing inequality from 2015 to 2020.
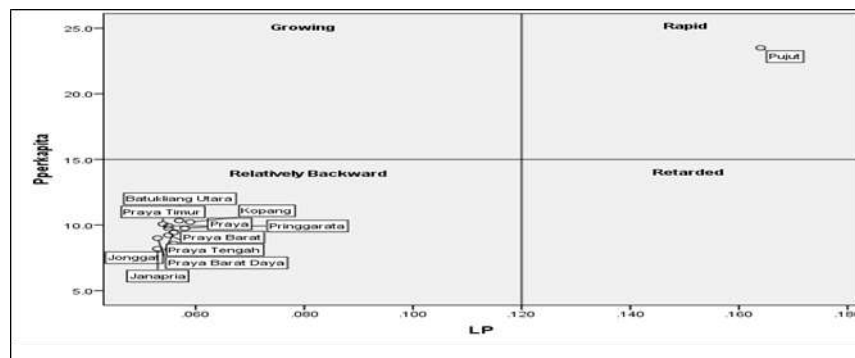
The relatively high inequality index value does not automatically mean that the level of social welfare in Central Lombok Regency is better or worse than other regions / districts in West Nusa Tenggara Province. The Williamson Index only explains the distribution of GDP per capita between subdistricts in Central Lombok Regency without explaining how much distributed GRDP per capita is on the average GRDP per capita of other regions.

Table 3
Pearson Correlation between Growth Rate and Williamson Index
Central Lombok Regency, 2015–2020

		Indeks Williamson	Laju pertumuhan ekonomi
Indeks Williamson	Persoan correlation	1	-631.179
	sig.(2 tailed		
	N	6	6
Laju pertumuhan ekonomi	Persoan correlation	-631.179	1
	sig.(2 tailed		
	N	6	6

Source: Processed Data

Pearson correlation shows a linear relationship between the economic growth rate of Central Lombok Regency with the Williamson Index. Based on the results of the calculation between the rate of economic growth and the Williamson Index, the value of -0.631 is obtained. Pearson's correlation is not statistically significant at both $\alpha = 5\%$ and $\alpha = 10\%$. This shows that if there is an increase in the rate of economic growth which is getting higher in Central Lombok Regency, the inequality will be smaller. This shows that the Kuznets hypothesis can be said to be valid in Central Lombok Regency during the observation period.

Quadrant 1 Graph
Economic Patterns and Structure of Sub-Districts in Central Lombok Regency According to Classical Typology Analysis for 2014 to 2020

With Klassen Typology, the pattern and structure of the subdistrict economy in Central Lombok Regency should be divided into four (4) classifications, but in reality the subdistricts in Central Lombok Regency are only divided into two (2) classifications, namely the rapid growth region and relatively backward regions (see graph 1). Only Pujut District is a subdistrict that has a growth rate of 16.4% with a district average of 7.3% and a per capita income of 23,501 million / capita, far above The average of Central Lombok Regency is 11.068 million / capita. In this case, it can be said that Pujut District, which is a major area, is the center of growth in Central Lombok Regency.

Districts other than Pujut Subdistrict are relatively underdeveloped subdistricts where this category is subdistricts with slow growth and whose income is still below the district average income. This indicates that the Pujut Subdistrict data is an extreme data which is far above the normality of the data on growth rates and peraita income in Central Lombok Regency from 2014 to 2020 in general so that it will disrupt the process of identifying relatively underdeveloped districts in the Central Lombok Regency area. Pujut Subdistrict data must be excluded from the sample data for the purposes of research purposes, so that the data used is constant ADH PDRB data in the districts of Central Lombok Regency without Pujut subdistrict, 2010 year 2014 s / d 20120.

Based on the results of the Klassen typology analysis, Praya Barat Daya and Praya Tengah and Janapria are relatively underdeveloped districts. This indicates that the income of this subdistrict is still relatively low compared to other subdistricts, because the unfavorable conditions are not able to participate optimally in regional economic development. This sub-district is less able to compete with other subdistricts. Therefore, it is necessary to know the potential economic sectors in these relatively underdeveloped subdistricts so that they are able to catch up with other sub-districts in Central Lombok Regency based on the criteria of comparative advantage. competitive advantage. and specialties.

The problem of poverty and socio-economic inequality between individuals and regions is still experienced in Central Lombok Regency, although the inequality is like a fire in the husk, it is not visible in plain view, but if we look at the development results data between different regions and between regions, we can see and conclude that indeed there is an imbalance. This is natural because there are differences in the characteristics that exist in development areas but do not cause social and political shocks so that it will cause public resistance to various policies carried out by the government which has been trying to eliminate these inequalities. The local government wants the problem of poverty and economic imbalances should be resolved immediately so as not to spread to social problems and the stability of regional development. One of the steps taken by the local government is to spur equal distribution programs through increased accessibility and various stimuli (stimulus) development programs so that economic activity increases to create additional production of goods and services by the people in the Central Lombok Regency area.

One of the challenges of regional development in Central Lombok Regency that is still emerging is the still high development gap between regions. It cannot be denied that development disparities between regions in Central Lombok Regency are difficult to avoid, especially between rural and urban areas, between the core area and the border area. Efforts are needed to accelerate equitable development in Central Lombok Regency, including reducing development inequality and development outcomes between socio-economic groups and between regions, which is one of the regional development agendas in Central Lombok Regency.

One of the main challenges of regional development at this time is overcoming the problem of inequality that does not only occur in the individual or household dimension but also the problems of interconnection within the region itself. Infrastructure is an important element for economic growth and development of a region because infrastructure facilitates and integrates economic activities. As the driving wheel that drives changes in inequality in a region, infrastructure plays a significant role in

regional development. The existence of infrastructure encourages an increase in the productivity of production factors. Good infrastructure will also stimulate an increase in people's income, because economic activity is increasing as a result of higher mobility of production factors and trade activities.

Conclusion

The GDP per capita inequality index figure between subdistricts in Central Lombok Regency is based on the Williamson Index during the 2015 to 2020 period, namely, with an average of 0.40369, which means that the inequality of GDP per capita between subdistricts in Central Lombo Regency is moderate. Inequality between subdistricts that occurred in Central Lombok Regency from 2015 to 2020 there is an increasing trend, for example, in 2015, the value of the Williamson Index of 0.39051 increased to 0.40972 in 2013, and rose again to 0.41796 in 2017. Fluctuation trend decline occurred from 2017 to 2020.

The pattern of inequality in Central Lombok Regency, is shown by the application of the Kuznets hypothesis in Central Lombok Regency which is shown by a graph of the relationship between the Williamson Index Inequality Index and GRDP growth in Central Lombok Regency in the form of an inverted U and the results of the Pearson Correlation with a value of -0.631 are not statistically significant either at $\alpha = 5\%$ and $\alpha = 10\%$. This indicates that the initial growth of income distribution tends to deteriorate or the inequality will increase and the next stage of this inequality will decrease and equal distribution of Gross Regional Domestic Product (GRDP) will be achieved.

The imbalance picture between subdistricts in Central Lombok Regency based on Klassen Typology analysis of 12 existing districts shows that only Pujut District is included in the subdistrict with rapid growth region, the others as a relatively backward region. This is because Pujut subdistrict has a growth rate of 16.4% with a district average of 7.3% and a per capita income of 23,501 million / capita, far above the average of Central Lombok Regency which is 11.068 million / capita. Based on typological analysis Klassen for 11 districts without Pujut District, it was found that Praya, kopang, and Batuklian Districts were included in the category of Rapid growth region / high growth, high income, Praya Timur, Pringgarata and Praya Barat districts including growing districts (Growing Region / High Growth, Low Income) ,Jonggat and Batukliang Subdistricts are included in the category of sub-districts with a saturated / depressed tendency (Retarded Region / Low Growth, High Income), Praya Barat Daya Subdistrict, Praya Tengah District and Janapria Subdistrict are categorized as relatively underdeveloped sub-districts (Relatively Backward Region / Low Growth, Low Income.

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