



DYNAMICS OF ECONOMIC DEVELOPMENT DISPARITIES A NEW PERSPECTIVE IN REGIONAL ANALYSIS

Yuliana¹, Astuti Prihatiningsih², Ari Yopi Ispa³

¹Prodi Ekonomi Syariah, Institut Agama Islam Muhammadiyah Azim Jambi, Indonesia

^{2,3}Institut Agama Islam Tebo, Indonesia

ARTICLE INFO

Article history:

Received January 23 2024

Revised February 15, 2024

Accepted February 25, 2024,
2023

Available online February 28,
2024

Keywords:

Disparity in Economic
Development; Regional
Analysis



This is an open access article under the
CC BY-SA license.

Copyright © 2022 by Author. Published
by Universitas Pendidikan Ganesha.

ABSTRACT

Disparities in economic development between regions are a complex and challenging phenomenon in the context of regional development. This article aims to provide a new perspective in analyzing disparities in economic development from a regional perspective, using a literature review method. Through an in-depth review of various literature sources, this article identifies critical factors that cause economic disparities between regions, such as differences in natural resources, infrastructure, and regional economic policies. Apart from that, this article also discusses the impact of economic disparities on overall economic growth. In formulating a new perspective, this article proposes a more holistic and inclusive approach to addressing economic development disparities. This approach involves the critical role of government, the private sector, and society in strengthening cooperation between regions, increasing access to resources, and promoting sustainable and equitable economic growth. This article also identifies several research areas that need further attention, such as analysis of the impact of technology on economic disparities and evaluation of the effectiveness of regional development policies. Thus, this research can significantly contribute to understanding and addressing disparities in economic development between regions and stimulating further discussion in the context of sustainable regional economic development.

1. INTRODUCTION

Disparities in economic development between regions have become a major concern in regional economic development studies. This phenomenon illustrates the imbalance in economic growth between different regions, which can create significant social and economic inequality. The dynamics of this disparity include various complex factors involving geographical, social, economic and political aspects at the regional level. Through in-depth regional analysis, we can gain new insights needed to understand, analyze and overcome existing economic disparities (Alamari, 2020).

The American Economic Development Council (AEDC) states that economic development is the process of creating prosperity through the mobilization of human, financial, capital, physical and natural resources to produce marketable goods and services. The problem of economic development in an area depends on many factors. Government policy is one of the factors that influences economic development (Christianingrum, 2021). In its realization, the implementation of economic development needs to awaken the community by paying attention to regional characteristics and the majority of their main jobs. The industrialization (capitalist) approach applied so far prioritizes capital-intensive practices that do not favor the general public. So that the economic activities carried out do not reflect the abilities and expertise of the community (Purwana, 2013).

This inequality was initially caused by various differences in the regions. Because of these differences, a region's ability to increase economic growth and encourage development also becomes different. So, it is not surprising that in a region there are relatively developed regions (developed regions) and relatively underdeveloped regions (underdeveloped regions). The existence of disparities in economic development between regions can further influence the level of community welfare. Usually the implications are in the form of jealousy and public dissatisfaction which can also have political implications and public peace (Sri Hartati, 2019).

Research on economic disparities between regions has become a major focus for many economists and policy makers. Various empirical studies have been conducted to identify factors influencing these disparities, including differences in infrastructure, natural resources, regional economic policies, and levels of skilled labor availability. However, most of this research tends to focus on analyzing individual factors

*Corresponding author.

E-mail: yuliana.tebo@gmail.com (Yuliana)

without paying attention to the overall dynamics from a broader regional perspective (Tangkilian, 2013)v. In this context, it is important to develop a new, more holistic perspective in analyzing economic development disparities between regions. This approach not only considers individual factors that influence economic disparities, but also involves a deeper understanding of regional dynamics that influence economic growth (Agusalim, 2017).

The government's goal is not just to pursue high growth, but also equal distribution of income among the community, because high growth without equalization will result in the benefits not being optimal, especially if high growth is only enjoyed by a small group of people. Such a situation still leaves behind the problem of poverty. Therefore, to solve this problem, an equitable economic development program is urgently needed. Programs for equitable economic development can be carried out through infrastructure development programs, advice and infrastructure and empowerment must be carried out in a balanced manner between one region and another. Infrastructure and other public facilities are the driving force of economic activity (Purwana, 2013). One indicator of the success of economic development in a region is economic growth. Economic growth is a process of increasing the productive capacity of an economy as a whole and continuously or sustainably over time, resulting in increasingly greater levels of income (Mashud et al., 2018).

Thus, this article aims to contribute to the literature on regional economic development by presenting a new perspective in the analysis of economic disparities between regions, which is based on a comprehensive literature review method. Through a literature review approach, this article will present a comprehensive review of various theories and concepts that are relevant in the analysis of economic disparities between regions. By integrating key findings from existing literature, this article will identify several key factors that can provide a better understanding of the dynamics of economic disparities. In addition, this article will also discuss the implications of these findings in the broader context of regional development policy, with the aim of producing recommendations that can strengthen cooperation between regions and increase overall sustainable economic growth.

2. METHODS

This research uses a qualitative approach with a literature study method. data collection was carried out through literature studies regarding the dynamics of economic development disparities new perspectives in regional analysis. the research process includes searching and analyzing various related literature sources. identification of sources of information involves scientific journals, books and research reports related to empowerment. dynamics of economic development disparities new perspectives in regional analysis. the literature is then analyzed with a focus on economic development disparities, the impact of economic development disparities on new perspectives in regional analysis. these literature findings are then integrated to form a comprehensive picture of the impact of economic development. this comprehensive analysis provides the basis for formulating in-depth conclusions regarding the contribution of economic development new perspectives in regional analysis.

3. RESULTS AND DISCUSSIONS

Analysis of Economic Development Disparities from Regional Aspects

According to Armstrong and Taylor (Susilawati, 2017) there is a region that experiences low output growth but at the same time experiences high output growth per worker if there is out-migration of non-workers. This quote means that each worker will have a greater workload (output) when other workers who are not working have to leave the job. According to (Jackson, 2010) view in Delis (2008), growth does not always occur evenly in all regions. In the early stages, the development process tends to be concentrated and polarized in the central area of a country. Its spread to peripheral areas and relatively weak sectors only occurred subsequently. The consequence of the existence of these two different forms of development speed is that the gap between regions widens in the initial phase of economic development in a country, but then decreases when national income reaches a certain level . According to Sjafrizal in Dhyatmika and Atmanti (2013), there are factors that influence inequality between regions, namely differences in natural resources, demographic factors including labor conditions, allocation of development funds between regions, both government investment and private investment, concentration of regional economic activities, and mobility of goods and services. The existence of these differences causes the ability of a region to encourage the development process to also be different. Therefore, in each region there are usually developed regions (Developed Regions) and underdeveloped regions (Underdeveloped Regions) (Rahawarin, 2019).

One indicator that is always used as a tool to measure the level of success of a region's economic development is economic growth, because this variable can be easily measured quantitatively. The economy is said to be growing if there is an increase in income (total and individual) as a result of an increase in Gross Domestic Product, ignoring the increase in population, regardless of whether there is a change in the economic structure or not, whether economic inequality (between regions, communities and between sectors) according to (Amrin et al., 2021). Myrdal (Santoso et al., 2022) explains that the occurrence of regional inequality or disparities is due to the greater influence of the backwash effect compared to the spread effect that occurs in developing countries. Jhingan (2010) explains that capital movement will result in regional disparities and increased demand to developed regions will stimulate investment which will in turn increase income and have an impact on investment turnover and so on. Better investment scope in development centers can create capital scarcity in underdeveloped areas.

Economic growth and development are macroeconomic problems in the long term. The terms economic growth and economic development both explain economic development but have different meanings (Sukirno, 2006:423). Economic growth is related to the process of increasing the production of goods and services in the economic activities of society, while development has a broader meaning, including increasing the reduction of unequal distribution of income and alleviating poverty, in order to create social welfare. Economic growth can be interpreted as an increase in per capita income and national product. To increase national product, the amount of investment must be greater than the amount needed to replace capital depreciation (Oka et al., 2015).

Implications of Economic Development Disparities on Regional Development Policy

Mankiw interprets that the new growth theory will actually provide a theoretical framework that will later be used to analyze growth. Technological progress is endogenous. Growth is part of economic participants' decisions to invest in knowledge. When the capital that develops is not only physical capital but also human capital, then the role of capital is not only as part of income. Technological progress is endogenous; growth is part of the decision of economic actors to invest in knowledge. Economic growth can be seen from the growth of Gross Regional Domestic Income (GRDI) obtained by each region. The greater the regional GRDI, it can be judged that the economic growth of that region is greater (Khusnul Khuluk et al., 2021).

According to Todaro (Sayifullah, 2021) fairer equality for developing countries is a condition that supports economic growth. Increasing inequality in income distribution will have a negative impact on economic growth. Determining income disparities between regions is measured by the amount of income received by certain groups of people or certain areas within a region. The existence of differences in income receipts is what shows different income distributions and the size of these income differences determines income equality in the region. Thus, income disparities depend on how large or small the difference in income received by income recipients is. According to Simon Kuznets (Sayifullah, 2021) in the early stages of economic growth, income distribution tends to get worse or unequal, but in the later stages, income distribution continues to improve. This research or observation is better known as the inverted Kuznets U curve with longitudinal changes in income distribution. Myrdal in Jhingan (Nurkholis & Damayanti, 2020) expressed his opinion that a higher level of development will further strengthen the spread effect and tend to inhibit the flow of regional inequality. This will sustain economic development and at the same time will create favorable conditions for policies aimed at further reducing regional inequality.

Economic inequality between regions is a common aspect of a region's economic activities. This inequality is basically caused by differences in natural resource content and differences in demographic conditions in each region. As a result of these differences, the ability of a region to encourage the development process also becomes different. Therefore, it is not surprising that in each region there are usually developed areas and underdeveloped areas. The occurrence of this inequality has implications for the level of social welfare between regions. Therefore, this aspect of development inequality between regions also has implications for the formulation of regional development policies carried out by regional governments (Yeniwati, 2019).

4. CONCLUSION

In the context of regional analysis, disparities in economic development between regions are a complex phenomenon influenced by various factors. Addressing economic disparities between regions requires a holistic and inclusive approach. Strengthening cooperation between areas, increasing access to resources, and promoting equitable economic growth is essential. Regional development policies must consider the diversity of regional conditions and ensure that each region can optimally develop its potential. In addition,

this research also highlights the importance of further research in this area, especially in exploring the impact of technology on economic disparities and evaluating the effectiveness of regional development policies. By continuing to develop our understanding of economic disparities between regions, it is hoped that we can create more effective strategies to promote inclusive and sustainable economic growth for all areas.

REFERENCES

- Agusalim, L. (2017). Pajak Ekspor, Pertumbuhan Ekonomi, dan Pendapatan: Kasus Agroindustri di Indonesia. *Kinerja Journal of Business and Economics*, 18(2), 180–194.
- Alamari, M. F. (2020). Imigran Dan Masalah Integrasi Sosial. *Jurnal Dinamika Global*, 5(02), 254–277. <https://doi.org/10.36859/jdg.v5i02.237>
- Amrin, M. A., Safitri, N., Said, M. Y., Jannah, E., Bupati, P., Sungai, H., Nomor, U., & Sungai, H. (2021). *Peningkatan Kapasitas Aparatur Desa Kabupaten Hulu Sungai Utara Dalam Pengelolaan Keuangan Desa*. 1(2), 19–23.
- Christianingrum, R. (2021). Disparitas Pembangunan Ekonomi Indonesia. *Jurnal Budget : Isu Dan Masalah Keuangan Negara*, 6(2), 102–120. <https://doi.org/10.22212/jbudget.v6i2.111>
- Damayanti, L. (2017). Analisis Dampak Aglomerasi Terhadap Ketimpangan Regional Pulau Jawa. *Jurnal Ilmiah Mahasiswa FEB*, 5(2), 1–11.
- Jackson, K. B. (2010). Literatures of Language: A Literary History of Linguistics in Nineteenth-Century America. In *International, A: The Humanities and Social Sciences*. <http://search.proquest.com/docview/1018382019?accountid=8330%5Chttp://library.anu.edu.au:4550/resserv?genre=dissertations+&+theses&issn=&title=Literatures+of+Language:+A+Literary+History+of+Linguistics+in+Nineteenth-Century+America&volume=&issue=&date=20>
- Khusnul Khuluk, D. R., Muljaningsih, S., & Asmara, K. (2021). Analisis Disparitas Pendapatan Antar Wilayah Di Daerah Penyangga Surabaya. *Jurnal Ekonomi Pembangunan STIE Muhammadiyah Palopo*, 7(1), 9. <https://doi.org/10.35906/jep01.v7i1.762>
- Mashud, A. ., Benu, N. M., & Sondakh, M. F. L. (2018). Disparitas Pembangunan Ekonomi Antar Wilayah Di Provinsi Maluku Utara. *Agri-Sosioekonomi*, 14(1), 117. <https://doi.org/10.35791/agrsosek.14.1.2018.19009>
- Nurkholis, M., & Damayanti. (2020). The Effect of Good Corporate Governance on Tax Avoidance of Listed Companies in Indonesian Stock Exchange in 2015-2017. *Journal of Economics and Business*, 4(2), 1–16. <https://doi.org/10.31014/aior.1992.02.01.72>
- Oka, I. K., Yasa, A., Arka, S., Pembangunan, J. E., Ekonomi, F., Bisnis, D., & Udayana, U. (2015). Setiadi, N. J., & SE, M. (2015). Perilaku Konsumen: edisi revisi. Kencana. *E-Jurnal Ekonomi Pembangunan Universitas Udaya*, 4(2), 129–137.
- Purwana, A. E. (2013). Pembangunan Dalam Perspektif Ekonomi Islam. *Justicia Islamica*, 10(1). <https://doi.org/10.21154/justicia.v10i1.140>
- Rahawarin, D. A. (2019). Disparitas Pembangunan Ekonomi Antar Kabupaten/Kota Di Provinsi Maluku (Analisis Tipologi Klassen dan Indeks Wiliamson). *Amal: Jurnal Ekonomi Syariah*, 1(01).
- Santoso, E., Sahadati, M., Jumiati, A., Hadi Priyono, T., Estiyani, N., & Purtomo Somaji, R. (2022). Determinants of Regional Development Disparities in the Java Economic Corridor. *Jae (Jurnal Akuntansi Dan Ekonomi)*, 7(3), 163–171. <https://doi.org/10.29407/jae.v7i3.18926>
- Sayifullah, S. (2021). Pengaruh Pertumbuhan Ekonomi Terhadap Disparitas Pendapatan Di Indonesia. *Jurnal Ekonomi-Qu*, 11(1), 21. <https://doi.org/10.35448/jequ.v11i1.11273>
- Sri Hartati, Y. (2019). Analisis Disparitas Wilayah Antar Provinsi Di Indonesia. *Jurnal Ekonomi Dan Bisnis*, 10(1), 1–22. <https://doi.org/10.55049/jeb.v10i1.104>
- Susilawati, E. dan A. H. O. (2017). Makna Sosial dalam Kata Panggilan: Kajian Etnografi Komunikasi dalam Komuniti Bahasa Melayu Sambas (Social Meaning In Address Form: An Ethnographic (Studi of Communication In The Sambas Malay Community). *Pengajian Melayu*, 28, 85–115.
- Yeniwati, Y. (2019). Ketimpangan Ekonomi Antar Provinsi Di Sumatera. *Jurnal Kajian Ekonomi*, 2(03), 7083.