

Analisis Konvergensi Wilayah di Provinsi Sulawesi Selatan Era Otonomi Daerah

Analysis of Regional Convergence in South Sulawesi Province in the Era of Regional Autonomy

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ABSTRAK

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Ketimpangan pembangunan merupakan permasalahan umum yang terjadi dalam proses pembangunan ekonomi di setiap wilayah. Adanya pengelolaan potensi dalam daerah yang kurang optimal, sumber daya yang terbatas serta perbedaan proses pertumbuhan pekonomian akan mendorong proses pembangunan yang berbeda. Penelitian ini bertujuan untuk mengidentifikasi tingkat konvergensi dan menganalisis pengaruh dana perimbangan dan pengeluaran pemerintah terhadap pertumbuhan PDRB per kapita di Provinsi Sulawesi Selatan setelah pelaksanaan otonomi daerah tahun 2012-2021. Data di analisis berdasarkan penghitungan konvergensi sigma menggunakan standar deviasi log PDRB per kapita antar provinsi, sementara penghitungan konvergensi beta menggunakan analisis regresi data panel dengan pendekatan fixed effect model. Hasil penelitian menunjukkan bahwa terjadi konvergensi sigma dan konvergensi beta setelah pelaksanaan otonomi daerah tahun 2012-2021. Variabel dana perimbangan berpengaruh positif dan signifikan terhadap pertumbuhan PDRB per kapita sedangkan variabel pengeluaran pemerintah tidak berpengaruh terhadap PDRB per kapita di Provinsi Sulawesi Selatan setelah pelaksanaan otonomi daerah.

Kata Kunci: Konvergensi, PDB Per Kapita, Dana Perimbangan, Belanja Pemerintah

ABSTRACT

Inequality in development is a common problem that occurs in the process of economic development in each region. The existence of suboptimal management of potential in the region, limited resources and differences in the process of economic growth will encourage different development processes. This study aims to identify the level of convergence and analyze the effect of balancing funds and government spending on GRDP per capita growth in South Sulawesi Province after the implementation of regional autonomy in 2012-2021. The data is analyzed based on the calculation of sigma convergence using the standard deviation of log GRDP per capita between provinces, while the calculation of beta convergence uses panel data regression analysis with a fixed effect model approach. The results showed that sigma convergence and beta convergence occurred after the implementation of regional autonomy in 2012-2021. The balance fund variable has a positive and significant effect on GRDP per capita growth, while the government expenditure variable has no effect on GRDP per capita in South Sulawesi Province after the implementation of regional autonomy.

Keywords: Convergence, Per Capita GDP, Balance Fund, Government Expenditure

1. INTRODUCTION

Development inequality is a condition that describes the quality and condition of regions that differ significantly between developed and underdeveloped areas. The lack of optimal management of potential in the region and limited resources cause differences between areas, encouraging different development processes. So, there are regions whose development is relatively increasing and regions whose development is relatively stagnant (Ginting, 2015). In this case, development inequality will lead to poverty as a result of development that is concentrated in a particular area, neglecting other areas to improve quality and equitable development in all regions. The existence of inequality in the distribution of labour, differences in the quality of public welfare, and differences in each region's economic growth process indicate regional development inequality and become the cause of development inequality (Nurmalasari, 2018).

In order to minimise these development problems, Indonesia implements regional autonomy, which has a structure that starts from the province, moves to the regency/city, and finally, to the village (Aritenang, 2009). The implementation of regional autonomy is regulated in a law that discusses local government, namely Law Number. 32 of 2004 and Law Number 33 of 2004, which regulates the rights and authorities of local governments in regulating the running of local governments without any intervention from the central government. This is referred to as regional autonomy, which gives local governments the opportunity to manage the natural resources owned in the region optimally to improve people's living standards (Basri, 2002).

Regional autonomy's benefits positively affect the coordination and cooperation between the central government and local governments by changing the centralisation system, where the focus of policy is on the central government, to decentralisation, which gives each region its authority to freely manage natural resources and run a dynamic government for the prosperity of the people living in the area.

The implementation of the decentralisation system can provide opportunities for regions that are still relatively underdeveloped to catch up and align themselves with developed regions through increased domestic income per capita generated from balancing funds and government spending. The hope is that in the long term, underdeveloped regions will be able to develop their economy by utilising their potential sectors so that there will be wide open employment opportunities for the community, which has a positive effect on economic development in underdeveloped regions (Akbar, 2021). The process of action of these disadvantaged regions to improve people's living standards and develop the economy is called convergence.

According to Mankiw (2003) and Bucul (2012), convergence occurs when underdeveloped regions in their economic aspects have faster growth than developed regions so that, in the long run, the economic growth of all countries will lead to a steady state. In addition, Abramovitz (1986) also explained that convergence is a process of equalising income inequality between underdeveloped and developed regions.

Based on Law No. 33 of 2004, the implementation of regional autonomy requires the central government to provide budget transfers to local governments through balancing funds. Balancing funds improves the financial capacity of local governments, improves and equalises the quality of services in each region, and realises effective collaboration between the central government and local governments to reduce regional development inequality (Tambunan, 2001). The process of sustainable development can reflect the ability of the production capacity of activities and economic sectors that involve the community in the process of regional economic development. The economy can be said to be growing rapidly if per capita income in the area has increased (Muzani, 2019). Increased welfare, productivity, employment opportunities, and community income distribution will follow quality economic growth. In the long run, each region will be able to catch up with developed regions so that convergence can be achieved.

The government has a role in managing regional finances for the common good as stipulated in Article 1 of Government Regulation of the Republic of Indonesia No. 58 of 2005 concerning Regional Financial Management. This regulation provides urgency and mandates local governments to use local spending to prioritise welfare and improve people's living standards by improving public facility services and the quality of education, health and social security in the region. Local governments have the authority to manage budgeted finances according to their needs and provide access to competent and high-quality public services to support people's lives.

South Sulawesi is a province incorporated in Indonesia with a population of 9.13 million people (BPS, 2021) spread across 24 cities/districts. From this condition, it causes differences in resources and characteristics owned by each region so that it becomes a challenge for the South Sulawesi Provincial government in overcoming the problem of development inequality that occurs. Then, the large number of people living in South Sulawesi makes it challenging to provide adequate employment opportunities, plus the ability of individuals available is different from what is needed with existing job offers. The impact that

occurs if development inequality is addressed will positively affect the equitable distribution of standards and community quality of life.

The standard of living of people in the region can be measured through per capita income obtained from the division between Gross Regional Domestic Product (GRDP) and the total population in the region. Through reports issued by the South Sulawesi Central Bureau of Statistics related to GRDP and also the population of districts/cities so that it can be calculated the realisation of GRDP per capita in districts/cities in South Sulawesi Province. From the calculation of GRDP per capita, it can be seen that there are still many underdeveloped regions.

Low per capita GRDP is in Gowa Regency, Tana Toraja Regency and Jeneponto Regency. In contrast, regions with a high contribution in GRDP per capita are Pangkep Regency, East Luwu Regency, Maros Regency and Pare-pare City. Makassar City was the region that contributed to the highest realisation of GRDP per capita. This indicates that the quality of development carried out by the South Sulawesi Provincial government is completely uneven in each region. If equalisation is carried out slowly, it will have a positive impact on underdeveloped areas, which causes differences in the quality of life of people in underdeveloped areas from that of people in developed areas.

Based on the background of the above problems, this study aims to measure and analyse the level of convergence and whether there has been a tendency to decrease the level of development inequality between districts/cities in South Sulawesi Province.

Convergence Theory

Convergence is defined as the reduction of the income gap between regions, where the condition of a poor or low-income region tends to catch up with a wealthy or high-income region at a certain level and time. The gap can be reduced by using a convergence process that is calculated based on actual income per capita. Convergence is a concept derived from the neoclassical income (output) growth model. Statistically, convergence is the process of decreasing the dispersion of a group of data towards one particular value over time (Kuncoro, 1996).

Convergence theory is based on two different but interrelated hypotheses. The first was proposed by Barro and Sala-i-Martin using the neoclassical growth model. In a closed economy, this hypothesis explains that the per capita growth rate tends to be inversely related to the level of output or initial per capita income. Thus, in the context of regional economic growth, regions with high per capita GRDP tend to grow more slowly than regions with low per capita GRDP (Barro & Sala-i-Martin, 1992). The second hypothesis is the catch-up hypothesis (Abramovitz, 1986), which explains that provinces with low productivity levels have great potential to achieve high growth rates. However, the potential for high growth will weaken if the productivity level approaches the productivity level of other provinces as a benchmark. This indicates a catch-up process.

Convergence shows the hypothesis that each region has its potential so that in a long enough time, there will be a condition in which each region will grow by itself. Regions that are initially less developed will grow faster and be able to catch up with more developed regions with better initial growth conditions. So growth and equity between regions will be achieved (Mankiw, 2003). Convergence is a process of reducing the high level of inequality in a region or area. This convergence is generally influenced by the growth rate of a region's GRDP.

GRDP can show a region's ability to manage its natural resources. Therefore, the amount of GRDP produced by each region highly depends on the potential of production factors in the region. Thus, the amount of GRDP of a region varies, which causes limitations in the supply of production factors. In a country's economy, each sector has an interrelationship with other sectors, which are interdependent on one another and require each other for the provision of raw materials and the final product.

Per Capita GDP

The economic development of a region is indicated by the increase in the added value of a raw material (input) into a product (output). In national balance sheet statistics, the development of added value created by various economic sectors, such as the agricultural sector, manufacturing sector, services and so on, is recorded in the form of Gross Regional Domestic Product. Thus, Gross Regional Domestic Product (GRDP) is the sum of added value generated by all economic business units of a particular region in one period. GRDP is the net value of final goods and services produced by various economic activities in a region in one period (Hadi, 2006). GRDP can show a region's ability to manage its natural resources. Therefore, the amount of GRDP produced by each region is highly dependent on the potential of production factors in the region. Therefore, the amount of GRDP in a region varies, which causes limitations in the provision of production factors. In a country's economy, each sector has an interrelationship with other

sectors, which are interdependent on one another and require each other both from the provision of raw materials and the final product.

For example, the industrial sector requires raw materials from the agricultural and mining sectors, while the agricultural and services sectors need the results of the industrial sector. GRDP can describe economic conditions in economic growth in a region and in the form of services received by production factors that participate in the production process in a region within a certain period of time. The compensation of production factors in question are wages, salaries, rent, interest on capital and profits.

In addition, one indicator used to see the success of economic development is GRDP per capita. GRDP per capita is used to determine the speed of economic development and compare the level of prosperity a region achieves. GRDP per capita describes the added value that each resident can create due to production activities. This GRDP per capita is the average amount of income received by the population in a region. One approach to determining the per capita income of a region's population is obtained by dividing the total GRDP by the number of people living in the region. Per capita income can be used to determine the average income per person in a region and to evaluate living standards and quality of life.

Balancing Fund

The balancing fund is an allocation of funds sourced from state budget revenues and expenditures (APBN) channelled to local governments to fund their authority according to regional needs in implementing regional autonomy. These balancing funds are essential in implementing decentralisation and fiscal policy because there is still a lack of local revenue to cover local government expenditure budgets, so they still rely on this source of income. In addition, this balancing fund aims to reduce inequality/gaps between regions to improve services and community welfare, support the implementation of government authority, and encourage increased regional infrastructure development (Putra, 2018).

According to Law Number 33 of 2004 concerning the Financial Balance between the Central Government and Regional Governments, the balance funds sourced from the APBN consist of the General Allocation Fund (DAU), Special Allocation Fund (DAK), and Revenue Sharing Fund (DBH).

Government Expenditure

Government spending is a policy that reflects the obligations that must be paid by the central government through the APBN and local governments through the APBD to finance government activities within one fiscal year. In its implementation, the government usually determines a policy to purchase goods and services, so implementing the policy requires costs that the government must incur. In this case, it is government spending (Mangkoesebroto, 1994).

Mangkoesebroto (2001) states that Wagner put forward a theory regarding the development of government expenditure, better known as Wagner's Law. According to Wagner, government spending is the result of economic development. Suppose per capita income increases in an economy. In that case, it will be followed by increased government spending, mainly because the government must regulate the relationships in society, law, education, culture, etc.

In essence, every state expenditure is carried out based on optimising the utilisation of funds to achieve the objectives set. Government spending must achieve several goals, such as increasing the productivity of government officials, expanding the reach and improving the quality of services provided to the community, encouraging and assisting the implementation of development, and maintaining various state assets and development results.

Government expenditure is spending by the government to purchase goods and services, where part of the expenditure is classified into routine expenditure, finance government administration and development expenditure, or finance development activities. Routine government expenditure is all expenditure to fund general government tasks consisting of personnel expenditure, goods expenditure, official travel expenditure, maintenance expenditure, payment of loan/debt instalments and interest, provision of subsidies and donations to regions, pensions and assistance, off-budget costs, and unexpected costs. Meanwhile, development expenditure is all expenditure expressed in development expenditure aimed at funding development projects in the process of change, namely progress and improvement towards the direction to be achieved to increase production capacity in projects that refer to economic growth, income distribution, welfare improvement, and programs that directly touch underdeveloped areas.

2. METHODS

This study uses a quantitative research method. Quantitative research processes statistical data in the form of numbers, which are then analysed in accordance with statistical methods to explain and obtain a conclusion related to the formulation of the problem and the selected research variables.

The data used in this study is panel data, a combination of two data types, namely time series and cross-section. This data takes variables selected from each of the 24 districts/cities in South Sulawesi Province in 2012-2021. The data type used is secondary data, which is a collection of data obtained through parties who have provided or published data. The data in question are balancing funds and government spending as independent variables, as well as Gross Regional Domestic Product (GRDP) per capita as the dependent variable. The secondary data used in this study were sourced from the annual statistical reports published by the Central Bureau of Statistics (BPS) of South Sulawesi Province.

Data analysis used in this study is based on two calculations, namely sigma convergence (σ) and beta convergence (β). Sigma convergence is calculated by calculating the log standard deviation of regional GRDP per capita. Suppose there is a decrease in the results of the GRDP per capita standard deviation each year. In that case, it indicates that inequality between regions is getting smaller and convergence has occurred. On the other hand, if the standard deviation of GRDP per capita does not decrease in the long run, then sigma convergence has not occurred. The formula for estimating the coefficient of variation of sigma convergence is:

$$CV = \sqrt{\frac{\sum(Y_i - \bar{Y})^2}{n \bar{Y}^2}}$$

Where:

CV	: coefficient variation
Y	: per capita GDP of cities/districts at a certain year
\bar{Y}	: average per capita GDP of cities/districts at a certain year
n	: number of cities/districts

Then, beta convergence is calculated using econometric analysis, namely panel data regression analysis. Before calculating beta convergence, what must be done is to calculate absolute convergence, and then the next step is to calculate conditional convergence. Beta convergence occurs when the regression coefficient value is less than 1 (<1), because the economy will go to a steady state condition which is the optimal point of the economy. The absolute convergence equation is as follows:

$$\log Y_t = \beta_0 + \beta_1 \log Y_{t-1} + e_i$$

Where Y_t is the GDP per capita of each district/city, β_1 is the regressions coefficient, Y_{t-1} is the GDP per capita of each district/city in the previous year, and e_i is the error term.

Then for the conditional convergence equation as follows:

$$\log Y_t = \beta_0 + \beta_1 \log Y_{t-1} + \beta_2 \log X_1 + \beta_3 \log X_2 + e_i$$

Where Y_t is GRDP per capita of each district/city, Y_{t-1} is GRDP per capita of each district/city in the previous year, X_1 is balancing fund, X_2 is government expenditure, $\beta_1, \beta_2, \beta_3$ are regression coefficients, and e_i is the error term.

According to Barro and Sala-i-Martin (2004), the speed of convergence is important to know because the faster the convergence, the closer to a steady state the economy will be. Conversely, if convergence is very slow, the economy will be further away from the steady state. To calculate the speed of convergence, the following formula can be used:

$$\text{Convergence speed} = \beta \text{ coefficient} \times 100\%$$

3. RESULTS AND DISCUSSION

A. Results

Sigma Convergence

After the implementation of regional autonomy, sigma convergence occurred in 2012-2021 in South Sulawesi Province. The following Figure 1 presents the logarithmic dispersion data of GRDP per capita growth of all districts/cities in South Sulawesi after the implementation of regional autonomy in 2012-2021.

Figure 1. Sigma Convergence

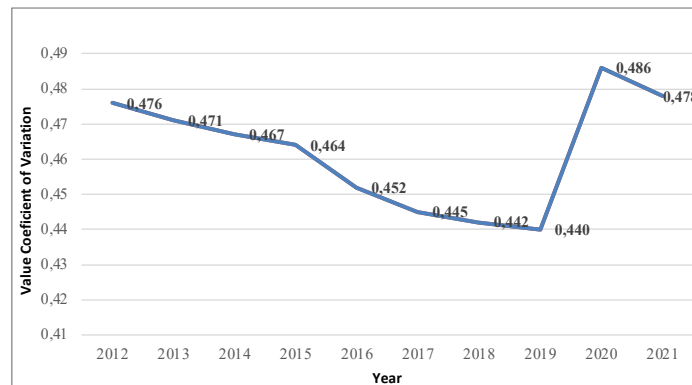


Figure 1 shows sigma convergence in 2012-2021, obtained through the standard deviation value of the GDP per capita growth logarithm from districts/cities in South Sulawesi Province. After the implementation of regional autonomy, there was a decrease in the standard deviation of GRDP per capita from 2012, which had a sigma convergence value of 0.476 to 0.440 in 2019. This shows that income distribution between districts/cities has improved every year. However, in 2020, there was an increase compared to the previous year, whose sigma convergence value became 0.486. However, the sigma convergence value decreased in 2021 to 0.478 even though it increased from 2019 to 2020; overall, the standard deviation number decreased, so it can be concluded that sigma convergence has occurred. The sigma convergence shows that reducing regional inequality cannot be done quickly. Equitable development in various aspects, such as health, education, infrastructure, and economic sectors, will minimise inequality between regions, improving people's welfare in various regions (Shioji, 2001).

The occurrence of sigma convergence is influenced by the industrial sector, which is believed to reduce development inequality between districts/cities. The policies of the South Sulawesi Provincial government and related district/city governments in encouraging leading sectors, including the industrial, service and agricultural sectors, can contribute and have a significant impact on increasing productivity and wide open employment opportunities to help absorb labour so that regions can strengthen and develop their economies.

The increasing growth of the industrial sector can contribute tremendously to the development of district/city GRDP in South Sulawesi Province, which then creates migration or movement of labour to the industrial sector because the income received by the industrial sector is relatively greater than other sectors so that it can improve the quality and standard of living of the community evenly. The results of this study are based on research developed by Octaviana (2019), which also shows the existence of sigma convergence and a decrease in the dispersion of GRDP per capita in the research area.

Beta Convergence

Beta convergence is calculated using econometric analysis, namely panel data regression analysis. Two calculations are performed to calculate beta convergence: absolute convergence and conditional convergence. Beta convergence occurs when the regression coefficient value is less than 1 (<1), because the economy will refer to the steady state condition which is the optimal point of the economy.

Absolute convergence is calculated using an econometric model that consists of only one explanatory variable, namely the growth of GRDP per capita in the previous year, without adding other variables that are determined as factors that affect the growth rate of GRDP per capita in each district/city in South Sulawesi Province. To calculate absolute beta convergence, panel data regression analysis based on the Fixed Effect Model (FEM) approach is used, which is generated through model selection based on the calculation of the Chow Test and Hausman Test.

Table 1. Estimation of Absolute Convergence Using FEM

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.910326	0.104554	8.706.723	0.0000
LogY _{t-1}	0.879355	0.014180	6.201.567	0.0000

*Dependent Variable: Y_t

Based on the regression results in Table 1, it can be seen that the coefficient of GRDP per capita in the previous year was 0.879355 less than 1 (0.879355 < 1), so this shows that there was absolute convergence in the districts/cities in South Sulawesi Province after the implementation of regional

autonomy in 2012-2021. Then seen from the probability value, namely 0.0000, which is smaller than 0.05, shows that the previous year's GRDP per capita had a positive and significant effect in influencing the GRDP per capita growth variable at the 5% significance level. In this case, the development of the GRDP per capita variable between districts/cities has converged.

Then, the conditional convergence is calculated by adding variables that determine factors that affect per capita GRDP other than the previous year's GRDP as a determinant of the growth rate of GRDP. The influencing factors chosen in this study are equalisation funds and government expenditure. The calculation of conditional convergence is carried out with the help of panel data regression analysis, namely based on the Fixed Effect approach produced through model selection based on the Chow Test and Hausman Test calculation.

Table 2. Estimation of Conditional Convergence Using FEM

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.654932	0.079293	8.259.592	0.0000
LogY _{t-1}	0.769378	0.018872	4.076.795	0.0000
LogDP	0.118307	0.022594	5.236.247	0.0000
LogG.Exp	0.001521	0.017719	0.085828	6.4701

Dependent Variable: Y_t

From the regression estimation results in Table 2, it can be seen that the coefficient of the previous year's GRDP per capita variable is 0.769378 or less than 1 ($0.769378 < 1$), indicating that there has been conditional convergence between districts/cities in South Sulawesi Province after the implementation of regional autonomy. This is based on decreased inequality in underdeveloped regions with developed regions in districts/cities in South Sulawesi Province in 2012-2021.

The balance fund variable, as a determined factor, has a positive and significant effect on the growth of GRDP per capita in South Sulawesi Province; government expenditure does not significantly affect this growth.

Based on the results of the regression calculation in Table 2, the independent variable of equalisation funds has a probability value of 0.0000, where the value is smaller than the significance value $\alpha = 0.05$, which means that it has a significant and positive effect on the GRDP per capita variable as the dependent variable, meaning that a one per cent increase in equalisation funds will increase growth by 0.1183 per cent. Meanwhile, the independent variable of government expenditure has a probability value of 0.9317, where the value is greater than the significance value of $\alpha = 0.05$, which means that it has no effect on the variable of GRDP per capita as the dependent variable.

B. Discussion

1) The Effect of Balance Fund on GRDP Per Capita

Based on the regression results, the balance fund has a significant and positive effect on the growth of GRDP per capita in South Sulawesi Province. The results indicate that the balance fund can be a determining factor in each region's development process by utilising the budget allocation provided by the central government to local governments. This can decrease the level of inequality between regions and then accelerate the process of convergence.

Seeing an increase in the balancing funds provided to districts/municipalities in South Sulawesi Province during the study period can affect the per capita income growth of each district/municipality. The development of these equalisation funds shows that the district/municipal governments and the South Sulawesi provincial government can manage their equalisation funds. These capital resources are also referred to as transfer funds, which have a good impact on the regional economy because they can reduce the number of inequalities in a region, creating convergence.

This research is similar to the results found by Ristriardani (2011). In his research, he found that the General Allocation Fund and Revenue Sharing Fund positively and significantly influence the growth of GRDP per capita in South Kalimantan Province. Then, research developed by Walidi (2008) found that DAU significantly influences the development of GRDP per capita. Balancing funds are used to increase the living standards of the community through economic improvement programs by carrying out development focused on improving the community's quality of life.

2) The Effect of Government Expenditure on GRDP Per Capita

Based on the results of conditional convergence, it is known that government expenditure has no significant effect on the GRDP per capita of districts/cities in South Sulawesi Province. Government

expenditure still cannot reduce the development inequality between regions in South Sulawesi Province because government expenditure is more budgeted for personnel expenditure than capital expenditure, which improves infrastructure, as well as improving the quality of other public facilities that support people's living standards, so this explains why government expenditure does not have a significant effect.

This shows that the government expenditure variable is still not effective in increasing GRDP per capita in each region; therefore, the government needs to review the government expenditure budget in each region to develop the right strategy to accelerate the level of convergence of each region in South Sulawesi Province and reduce development inequality between regions.

The results obtained in this study are similar to research developed by Anggraeni et al. (2020), which found that government spending has no effect on economic growth in Central Kalimantan Province. The cause is government spending that has not been allocated properly and effectively to the needs of people's lives in the areas of education, health, infrastructure, and financial stability.

3) Convergence Speed Analysis

Convergence speed analysis is useful for determining how fast the convergence process is obtained by two types of convergence, namely absolute and conditional, during 2012-2021 in South Sulawesi Province after the implementation of regional autonomy in Indonesia.

Table 3. Convergence Speed

Value	Absolute Convergence	Conditionel Convergence
Beta	0,8793	0,7694
Kecepatan Konvergensi	87,93%	76,94%

Table 3 shows that the absolute convergence rate is 87.9% per year, while the conditional convergence rate is 76.9% per year after the implementation of regional autonomy in 2012-2021. So, it can be seen that absolute convergence is faster than conditional convergence.

This shows that if absolute convergence has a better speed than conditional convergence, this is also determined by the determinants of economic growth such as equalisation funds, and the realisation of different government expenditures in each region in South Sulawesi Province is different. If convergence between regions is faster, the economy will be at the same point or reach a steady state condition in the long run.

4. CONCLUSION

After the implementation of regional autonomy in 2012-2021, sigma convergence occurred, which is indicated by a downward trend in the log standard deviation of the GRDP per capita variable and beta convergence based on panel data regression calculations. Then, the development of absolute convergence speed in South Sulawesi Province occurs faster at 87.9% per year, while the convergence speed of conditional convergence is 76.9% per year. The balance fund has a positive and significant effect on the development of GRDP per capita in South Sulawesi Province. At the same time, government spending does not affect GRDP per capita in South Sulawesi Province.

This research implies that the occurrence of convergence in South Sulawesi Province is generally perfect, so instruments that have a significant impact need to be intensified in their application. One of these variables is the balancing fund, which can increase or accelerate convergence in South Sulawesi. Therefore, the support and participation of the central government through the Balance Fund is still very much needed to realise the acceleration of development in the districts/cities of South Sulawesi.

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