

## **ANALYSIS OF THE EFFECT OF ECONOMIC GROWTH AND HUMAN DEVELOPMENT INDEX ON INCOME INEQUALITY IN THE REGENCIES/CITIES OF SOUTH SULAWESI PROVINCE**

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### **Abstract**

Income inequality remains one of the primary challenges in achieving sustainable economic development, particularly in regions endowed with abundant resources but facing uneven income distribution. South Sulawesi Province is recognized as a key economic growth center in Eastern Indonesia; however, it still ranks among the provinces with the highest levels of income inequality nationwide. This study aims to analyze the effect of economic growth and the Human Development Index (HDI) on income inequality across 24 regencies/municipalities in South Sulawesi Province over the period 2014–2023. The analytical method employed is panel data regression using the Fixed Effect Model (FEM) approach. The findings reveal that, simultaneously, both independent variables have a significant effect on income inequality. Partially, HDI has a significant negative effect, while economic growth does not significantly influence income inequality. These results highlight that enhancing human capital and ensuring equitable distribution of development outcomes are key to reducing income inequality at the regional level. The study provides policy implications for local governments to focus more on human resource development and the equalization of development across regions.

**Keywords:** Income inequality, economic growth, human development index.

### **INTRODUCTION**

Indonesia is a unitary state transitioning from a developing country toward becoming a developed nation (Wisnubroto, 2025). One of the key steps in this transformation is the implementation of sustainable development, guided by the Sustainable Development Goals (SDGs). The SDGs aim to achieve sustainable development, with one of their central objectives being the reduction of inequalities in various forms—such as income disparity and regional development gaps—so that equitable prosperity can be realized for all segments of society (Alisjahbana & Murniningtyas, 2018). These goals must be met by all countries, including Indonesia.

Income inequality is a critical issue in the development of every country and entails more than just numerical indicators. It is closely tied to matters of justice, transparency, and equal access to opportunities and resources in the development process (Lala et al., 2023). The aim of development is to enhance the welfare of society not only economically, but also in non-economic dimensions (Sanjaya & Saskara, 2022).