

The Factors Influencing Economic Growth of South Sulawesi Province, Indonesia

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Abstract

This study aims to analyze the factors influencing economic growth in South Sulawesi Province. Economic growth is one of the main indicators of regional development success, influenced by various macroeconomic factors. The independent variables used in this study include investment, labor, government spending, inter-regional exports, and inequality. The dependent variable is economic growth, measured by Gross Regional Domestic Product (GRDP) at constant prices. The data used are secondary data obtained from publications of the Central Statistics Agency (BPS) of South Sulawesi Province for 1997-2024. The analytical method used is multiple linear regression to determine the effect of each variable on economic growth. The results show that investment, labor absorption, and inter-regional exports have a positive and significant effect on economic growth, while government spending has a positive but insignificant effect. This suggests that increased investment, labor absorption, and exports play a significant role in driving economic growth in South Sulawesi Province. Meanwhile, inequality has a significant negative effect on economic growth. Therefore, equitable development is a crucial aspect to support inclusive economic growth in South Sulawesi Province. This research is expected to contribute to the formulation of regional economic policies oriented toward sustainable development in South Sulawesi Province.

Keywords: Investment, Labor, Government Expenditure, Exports, Inequality

I. Introduction

Economic growth is a key indicator of a country's successful development and progress. For example, the greater the national output, the greater the country's capacity to produce goods and services that support the people's welfare (Todaro & Smith, 2020; Sukirno, 2016). Thus, economic growth indicates that a country is not "stagnant" but rather developing (Akhmad et al., 2012).

Economic growth allows for increases in national income and per capita income, which in turn improves people's living standards. When the economy grows, wages and household incomes can rise, allowing people to access more basic necessities such as health care, education, and housing. Thus, economic growth is correlated with increased material well-being (Cohen, 2009).

Strong economic growth also contributes to job creation and reduced unemployment. When businesses thrive and demand increases, companies tend to expand production and hire more workers (Pettingger, 2019). Better employment also means more people have income and reduces the burden of poverty.

With economic growth, the government gains a broader tax base—due to higher individual and corporate incomes—thus increasing fiscal capacity. This additional revenue allows the government to improve public services such as health, education, transportation, and infrastructure (Cristea et al., 2023). Therefore, economic growth opens up policy space for better social development.

Research on economic growth conducted by Feng et al. (2016) using Chinese data for the period 1979-2021 found that household consumption and fixed investment significantly influenced GDP growth, while net exports had less significant impact. The authors recommend that policies be directed at boosting domestic consumption and investment as the main sources of growth.

Meanwhile, Zhang (2024) examined economic growth in India and Singapore, using a 50-year period. He found that in the long run, total factor productivity (TFP) was the main determinant of sustainable

growth, while capital accumulation and labor force growth were important but more short-term. This emphasizes that improvements in efficiency and technology (TFP) are key for both developed and developing economies.

Research for China conducted by Xiong (2022) over a period showed that, in addition to exports and investment, labor also plays a role in driving economic growth—suggesting that the combination of physical capital, consumption, exports, and labor remains relevant in the context of developing countries. This reinforces the view that growth is not driven by a single factor.

Research in Indonesia, including that conducted by Gahari & Hasmarini (2024), examined the human development index (HDI) and labor as growth factors. Some studies found that the HDI (which includes education, health, and purchasing power) positively impacted economic growth, while others found negative effects depending on the context. Therefore, human resource development remains important but must be accompanied by appropriate policies. This serves as a reminder that human resource quality (not just quantity) is crucial for growth. Meanwhile, Regini (2022), examining the factors influencing economic growth in Indonesia using time series data from 1986 to 2014, found that investment variables had a positive and significant effect. Similarly, labor absorption in economic activities, both short-term and long-term, has a positive and significant impact on economic growth in Indonesia.

Qasim's (2025) regional study of Indonesia, entitled *Analysis of Factors Influencing Economic Growth in West Java 2018-2023*, found that government spending and labor force size had a significant positive effect on regional economic growth, while investment and inflation were insignificant in the model. This suggests that in the sub-national context in Indonesia, government capacity and labor productivity play a significant role.

A region's economic growth is an important measure of development success and public welfare (Tarigan, 2004). In Indonesia, provinces vary in their performance in achieving optimal economic growth, and various factors influence this achievement. One interesting province to study is South Sulawesi Province (Sulsel), as it is geographically and demographically strategic in Eastern Indonesia and possesses substantial natural resource potential, production sectors, and connectivity. However, its economic growth has not always been consistent and still faces various challenges, both internal and external (Bank Indonesia, 2025).

This growth instability indicates that various internal and external factors play a role in economic dynamics. Therefore, it is important to empirically identify the factors influencing economic growth in South Sulawesi province so that regional development policies can be formulated appropriately.

In the regional economic literature, several factors frequently associated with economic growth include investment (PMTB), household consumption, exports/imports, human resource (HR) quality, infrastructure, and institutional and external environmental factors such as central government policies and global conditions. Therefore, the application of an analytical framework that includes these factors is very relevant to the South Sulawesi context.

One important factor is investment—both public and private. Investment serves as a source of additional fixed capital that can increase regional production capacity. In South Sulawesi, strategic sectors such as the manufacturing industry and logistics infrastructure are being encouraged to capitalize on local potential. For example, reports indicate that investment and exports are driving growth optimism in 2025 (Bank Indonesia, 2025).

Another factor is household consumption, which reflects people's purchasing power and local economic activity. In South Sulawesi, household consumption is cited as a driver of economic growth. However, this purchasing power is also influenced by the unemployment rate, wage structure, and the quality of available jobs (Central Statistics Agency of South Sulawesi Province, 2024).

Furthermore, primary production sectors such as agriculture, forestry, and fisheries also contribute significantly to South Sulawesi's economy. For example, the agricultural sector in South Sulawesi Province (Mansyur et al., 2021) is a major factor in increasing economic growth in this province.

However, dependence on primary sectors such as agriculture and fisheries also indicates vulnerability to external factors such as climate change, the El Niño phenomenon, fluctuations in global commodity prices, and so on. Therefore, sector diversification is crucial (Bappelitbangda, South Sulawesi Province, 2024).

Regional infrastructure and connectivity are also important factors influencing regional economic growth. Adequate infrastructure can reduce logistics costs, streamline commodity distribution, and increase regional competitiveness. In South Sulawesi, the development of industrial and logistics areas is beginning

to be considered as an effort to strengthen the economic structure. However, disparities between regions persist that require attention (Central Statistics Agency of South Sulawesi Province, 2024).

The quality of human resources (HR) and labor productivity cannot be ignored. Sustainable economic growth requires a workforce with skills, adequate education, and the ability to adapt to new technologies. In South Sulawesi, despite a sufficient labor force, challenges related to the skills gap and low participation in the productive sector remain significant (Zamrahtul, 2023).

Institutional factors and local government governance also influence economic growth. The effectiveness of regional fiscal policies, absorption of development budgets, transparency, ease of doing business, and central-regional synergy influence the investment and business climate. For South Sulawesi, the RPJPD document states that the rate of economic growth experienced a fluctuating trend from 2013 to 2023. (Bappelitbangda of South Sulawesi Province, 2024).

Thus, an empirical study that specifically identifies the factors influencing economic growth in South Sulawesi Province is essential. Such research will help understand the factors that drive or hinder economic growth in the province, thus providing the basis for more targeted development policies. Furthermore, the results of this study will have policy implications for the provincial and district/city governments in South Sulawesi. By identifying key factors, the government can formulate strategies to increase investment, human resource development, infrastructure, and equitable development across regions.

This research is also expected to contribute to the academic literature by enriching the literature on regional economic growth, particularly outside Java, where many studies focus on Java and Bali. South Sulawesi Province, with its unique characteristics, provides a unique context for analyzing economic growth.

Based on the above description, this study will focus on analyzing the factors influencing economic growth in South Sulawesi Province. This research is crucial for providing appropriate policy recommendations to boost economic growth and strengthen sustainable regional economic development.

II. Literature Review

A region's economic progress demonstrates the success of development, although it is not the sole indicator of its success (Todaro, 2020). There are three measures for assessing economic growth: output growth, output growth per worker, and output growth per capita. Output growth is used to assess the growth in production capacity, which is influenced by increases in labor and capital in the region. Output growth per worker is often used as an indicator of changes in a region's competitiveness (through productivity growth). Meanwhile, output growth per capita is used as an indicator of changes in economic welfare (Mankiw, 2003).

Regional economic growth essentially uses concepts of aggregate economic growth. According to Ricardson (2001), the key difference between the analysis of national economic growth and regional economic growth lies in the emphasis placed on factor transfer analysis. While a country can be assumed to have a closed economy, this assumption does not apply to regions. Regions are open, as the potential for significant inflows and outflows of labor and capital is significant. This allows for higher regional economic growth than national economic growth, and vice versa.

The most frequently used concept to describe regional income is gross regional domestic product (GRDP), which is the gross value added (output minus intermediate costs) of all economic sectors in a region (World Bank, 2024). At the national level, economic growth is measured by the rate of gross domestic product (GDP), and at the regional level, it is the rate of gross regional domestic product (GRDP), which is a basic measure of economic performance in producing goods and services. The GRDP value of a region is the sum of the GRDP of several economic sectors in that region. These economic sectors include agriculture, mining and quarrying, manufacturing, electricity, gas and clean water, construction and building, trade, hotels and restaurants, transportation and telecommunications, banking and other financial services, and other services (Akhmad et al., 2013).

From the aggregate supply side, regional economic growth is based on the aggregate production function approach, which is a function of technology, capital (physical and financial capital), and labor (Dornbusch et al. 2008).

Siregar (2009) states that increasing economic growth is a necessary condition for reducing unemployment and poverty. However, a necessary condition alone is not sufficient. A sufficient condition involves improving the quality of economic growth, ensuring greater absorption by the labor force, and

distributing the benefits of growth more equitably, thereby encouraging sustainable empowerment of the poor (Akhmad & Amir, 2020).

Classical economic growth theory was put forward by figures such as Adam Smith, David Ricardo, and Thomas Robert Malthus. According to the classical view, economic growth is determined by factors such as labor, capital, and land (Romer, 1986). Adam Smith emphasized the importance of the division of labor in increasing productivity and growth. Ricardo argued that economic growth would slow down due to the law of diminishing returns to land (Donalson, 1984) while Malthus highlighted population growth that was not balanced with growth in food production, which could lead to poverty (Barro, 1991).

Teori neoklasik, yang dikembangkan oleh Robert Solow dan Trevor Swan pada tahun 1950-an, memperkenalkan konsep fungsi produksi agregat dan pentingnya akumulasi modal, tenaga kerja, serta kemajuan teknologi sebagai faktor utama pertumbuhan jangka panjang Dornbursh at al. 2008; Solow, 1956). Dalam model ini, pertumbuhan ekonomi akan mencapai keseimbangan (steady state) ketika tabungan dan investasi hanya mampu menggantikan modal depresiasi. Teknologi menjadi faktor eksternal yang menentukan pertumbuhan berkelanjutan, sehingga inovasi dan efisiensi dianggap sangat penting bagi peningkatan produktivitas (Jhingan, 2000).

Teori ini muncul pada akhir abad ke-20 sebagai reaksi terhadap model neoklasik. Tokoh utamanya antara lain Paul Romer dan Robert Lucas. Teori pertumbuhan endogen menjelaskan bahwa kemajuan teknologi bukanlah faktor eksternal, melainkan hasil dari investasi dalam pendidikan, penelitian, inovasi, dan modal manusia, (McConnell dan Brue 2002). Artinya, pertumbuhan dapat tercipta dari dalam sistem perekonomian itu sendiri, terutama melalui peningkatan kualitas sumber daya manusia dan kemampuan inovatif suatu bangsa, (Romer, 2011)

Joseph Schumpeter memperkenalkan konsep destruksi kreatif, yaitu proses di mana inovasi teknologi menggantikan sistem ekonomi lama dengan yang baru. Dalam penerapannya, wirausaha (entrepreneur) berperan sebagai motor penggerak utama pertumbuhan ekonomi karena mereka menciptakan ide, produk, dan teknologi baru yang mendorong efisiensi dan produktivitas (Samuelson dan Nordhaus, 2005). Dengan demikian, dinamika inovasi dan kompetisi menjadi elemen penting dalam mempercepat pertumbuhan ekonomi suatu negara, (Snowdon & Howard., 2005)

III. Research Methods

This research was conducted in South Sulawesi Province, which consists of 24 regencies/cities. This region has diverse geographic and demographic characteristics, encompassing urban areas such as Makassar, Parepare, and Palopo, as well as rural areas in regencies such as Bone, Enrekang, Gowa, and Bulukumba. This location was selected based on the consideration that South Sulawesi, with its economic structure that has not yet shifted significantly from the primary sector to more productive sectors, dependence on leading commodities, suboptimal investment and government spending components, and external challenges and regional disparities, all require in-depth analysis.

The transformation of the economic structure has been slow: the RPJPD document shows that the manufacturing industry sector, which should be the main driver, has not been able to make an optimal contribution. This indicates that South Sulawesi still relies heavily on primary sectors, which tend to have lower productivity and are vulnerable to fluctuations. In addition, dependence on superior commodities and inter-regional exports: High growth in the agricultural sector is indeed positive, but if it is not followed by downstreaming, diversification, and development of supporting industries and services, the potential for long-term growth could be limited (Bappelitbangda of South Sulawesi Province. (2024).

Data Collection Techniques

The data used in this study is time series data from 2010 to 2024 obtained from the Central Statistics Agency, the South Sulawesi Provincial Government, and Bank Indonesia. Interviews were conducted with key informants from the Regional Government and economic experts.

Data Analysis Methods

To analyze the influence of factors on household electricity demand, a Multiple Linear Regression model was used. Multiple linear regression analysis is widely used in energy demand studies because it can explain multivariate relationships between variables (Gujarati & Porter, 2009), with the general formula:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where:

Y = Economic Growth (%)

X1 = Gross Fixed Capital Formation (Investment, in constant billions of rupiah)
X2 = Employed Population (millions)
X3 = Regional Government Expenditure (constant billions of rupiah)
X4 = Inter-regional Exports (billions of rupiah)
X5 = Inequality (Gini Index)
 ε = Error term

Classical assumption testing is necessary to ensure that the regression results meet the BLUE (Best Linear Unbiased Estimator) rule (Gujarati, 2011).

IV. Research Results And Discussion

In the early part of the last five years, South Sulawesi experienced a slowdown in economic growth compared to the previous decade. Although it had previously achieved growth rates of 7-8%, the growth rate began to decline between 2019 and 2021, leading to concerns, as seen in Figure 1. In 2021, critical sectors began to show signs of post-pandemic recovery. For example, overall economic growth in South Sulawesi in 2021 was recorded at around 4.65% (yoy), according to several reports. Entering 2023, conditions began to improve: in the second quarter of 2023, economic growth was recorded at around 5.00% (yoy). The mining and quarrying sector, particularly nickel in South Sulawesi, is a major contributor.

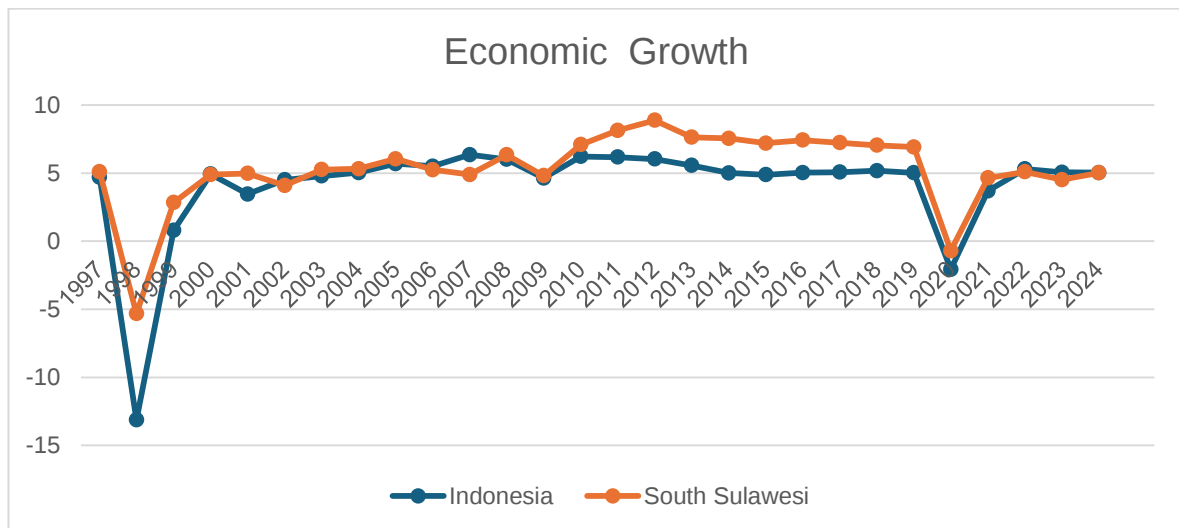


Figure 1. Comparison of Economic Growth in Indonesia and South Sulawesi
Source: Central Statistics Agency of Indonesia

Throughout 2024, South Sulawesi Province achieved encouraging results: economic growth of 5.02% (full year), and in the fourth quarter of 2024, growth of 5.18% (yoy) was recorded. Inflation was also very well-controlled in South Sulawesi in 2024, with inflation reaching around 1.52% in one report. For 2025, the economic outlook for South Sulawesi is quite optimistic. A report from Bank Indonesia South Sulawesi stated that growth in the first quarter of 2025 reached 5.78% (yoy), and cumulative growth through the second quarter of 2025 was 5.32%.

The structure of the South Sulawesi economy shows several dynamics: the agriculture, forestry, and fisheries sectors are once again important pillars, as are the processing industry and inter-regional exports. However, there are also challenges in the construction and mining sectors, which experienced contraction or slowdown. In terms of expenditure and consumption, households also contributed to growth—for example, consumption increased in line with the momentum of National Religious Holidays. distribution of holiday allowances, and strong growth in inter-regional exports.

Despite these positive developments, there are still important caveats: South Sulawesi's economic growth, while increasing, has not yet returned to the "above 7%" era. Observers believe that, given its potential, growth could be even higher if development efficiency and equity were improved. Going forward, South Sulawesi's policy focus will be on increasing investment, exports, mechanization of agriculture and fisheries, and enhancing the competitiveness of leading sectors. This is intended to enable South Sulawesi to capitalize on global and domestic momentum to accelerate economic growth and reduce inequality.

Hasil Regresi Linier Berganda

Hasil estimasi model faktor-faktor yang mempengaruhi pertumbuhan ekonomi Provinsi Sulawesi Selatan dapat dilihat pada tabel 1.

Tabel 1. Hasil Estimasi Faktor-Faktor yang Mempengaruhi Pertumbuhan Ekonomi Provinsi Sulawesi Selatan

Model	Unstandardized Coefficients		T	Sig.	R ²	F
	B	Std. Error				
(Constant)	1.082	0.794	1.36	0.205	0,8772	18.87
Investment	0.284	0.071	4.01	0.002		
Labor Force	0.192	0.081	2.37	0.035		
Government Expenditure	0.158	0.083	1.90	0.084		
Inter-Regional Exports	0.267	0.062	4.30	0.001		
Inequality (Gini Index)	-0.498	0.117	-4.26	0.001		

The results of the model estimation of Factors Influencing Economic Growth in South Sulawesi Province show a coefficient of determination (R^2) of 0.872. This indicates that the explanatory variables, namely investment, labor absorption, local government spending, inter-regional exports and imports, and inequality, collectively explain 87.72 percent of the fluctuations in economic growth at a significance level (α) of 0.0001, as indicated by an F-value of 18.87, as seen in Table 1.

The model estimation results indicate that investment (X_1) has a positive and significant effect on economic growth in South Sulawesi Province. A positive coefficient indicates that an increase in investment leads to increased economic growth. The estimated coefficient of 0.284 indicates that a 1 percent increase in investment leads to an increase in economic growth of 0.284 percent, all other things being equal.

Labor absorption (X_2) has a positive and significant effect on economic growth in South Sulawesi Province. The significant positive coefficient indicates that higher labor absorption leads to higher economic growth in South Sulawesi Province. The estimated coefficient for labor absorption is 0.192. This indicates that every 1 percent increase in labor absorption will increase economic growth by 0.192 percent, all other things being equal.

The model estimation results also indicate that regional government spending (X_3) has a positive effect, but its significance is relatively low. This means that the effectiveness of government spending can still be improved to have a more direct impact on economic growth. The estimated coefficient for regional government spending is 0.158. This indicates that every 1 percent increase in regional government spending will increase economic growth by 0.158 percent, all other things being equal.

Furthermore, the model estimation results also show that inter-regional exports have a strong and significant positive effect on economic growth. This demonstrates that inter-regional trade linkages are a crucial factor in driving regional economies. The estimated coefficient for inter-regional exports is 0.267, indicating that every 1 percent increase in inter-regional exports will increase economic growth by 0.267 percent, all other things being equal.

The model estimation results also show that development inequality has a significant negative effect on economic growth. This suggests that higher inequality tends to slow economic growth, as equitable development plays a significant role. The estimated coefficient for inequality is 0.498, indicating that every 1 percent increase in inequality will decrease economic growth by 0.498 percent, all other things being equal.

The Coefficient of Determination (R^2) test also yielded an R^2 value of 0.87.72, indicating that 87.72% of the variation in economic growth in South Sulawesi can be explained by the five independent variables. Meanwhile, the remaining 12.1% is explained by other factors outside the model, such as inflation, interest rates, and political stability. Meanwhile, the Glejser Heteroscedasticity Test shows that all variables have a $\text{Sig} > 0.05$, meaning that heteroscedasticity does not occur. Furthermore, the Autocorrelation Test shows that the Durbin-Watson (DW) value = 1.87 is between the lower limit ($dL = 1.35$) and the upper limit ($dU = 2.17$), so there is no autocorrelation.

Discussion

Investment (X_1) has a positive and significant impact on economic growth in South Sulawesi Province. Multiplier effect and development of local economic capacity. Investment often creates new jobs,

increases labor productivity, and encourages the emergence of other businesses in the surrounding area (e.g., MSME suppliers or supporting services). Thus, investment has the potential to trigger broader economic activity and drive GRDP growth. With increased investment from both the private and government sectors, there is an increase in the stock of physical capital in the region (machinery, infrastructure, production facilities). Ningrat A.P.H.m, A. Arfah & M. Arif. (2025). This is in accordance with classical economic growth theories such as the Harrod Domar Model and the Solow Swan Model, which place investment/capital as the main driver of production. In South Sulawesi, efforts to develop industrial areas and ports (e.g., the new port and the Makassar industrial area) have helped expand the production base, thereby strengthening the influence of investment on economic growth.

This finding is also in line with (Qasim. 2025) for the period 2001-2013 in a longer study by analyzing capital expenditure, investment, and labor on South Sulawesi's economic growth, which found that the investment variable had a negative and significant effect on growth. Economic Impact in South Sulawesi

Labor absorption (X2) has a positive and significant impact on the economic growth of South Sulawesi Province. Labor absorption means more people are earning income from work, leading to increased household consumption. This increased consumption can drive production and regional economic growth.

Prasasti (2022) also found that labor absorption, particularly in labor-intensive sectors or sectors utilizing local resources, increases production capacity. A study found that in regencies/cities in South Sulawesi, the labor variable has a positive and significant impact on economic growth. Therefore, labor absorption is not only about reducing unemployment but also about increasing regional economic output.

Regional government spending (X3) has a positive effect, but its significance is relatively low. Regional government spending (South Sulawesi and district/city budgets) has been shown to increase economic growth through a multiplier effect. Infrastructure spending expands employment opportunities and the distribution of goods, while education and health spending improves human resource quality. First, regional government spending serves as a direct stimulus for local economic activity. When regional governments increase spending on infrastructure, public services, or social investment, this directly increases aggregate demand in the region. As research shows, "provincial government spending on education and health, as well as provincial government spending on infrastructure, has a positive impact on economic growth in Indonesia." This finding aligns with Wahyuni's (2023) findings. Thus, appropriate spending allocation can stimulate economic growth by increasing production and consumption activities in the region.

Second, regional government spending can strengthen regional productive capacity, thereby supporting medium-term economic growth. Government spending directed toward productive sectors—for example, infrastructure, transportation, and public facilities—allows for lower logistics costs, improved market access, and production efficiency. This is consistent with findings (Ariansyah, 2018). Furthermore, regional government spending has a multiplier effect by increasing employment and community income. When the government spends regional funds on development, worker payments, physical construction, and the procurement of local goods and services, the community generates income that is then reinvested. As research by Irmayanti and Bato (2017) suggests, the flow of revenue from government spending can strengthen household consumption and support local economic growth.

For example, in South Sulawesi, research shows the importance of a quality workforce and adequate absorption for smooth economic growth. This finding aligns with that of Ikridah & Ramli (2024).

Inter-regional exports have a strong and significant positive impact on economic growth. Inter-regional exports are a positive variable because South Sulawesi serves as a logistics hub in Eastern Indonesia. The export volume of seaweed, cocoa, and fishery products increases annually. This strengthens the linkages between production and trade sectors. First, inter-regional exports expand the market for local products and increase regional production. When a region sells goods or services to other regions (both within and between provinces), its production capacity can grow and output increases. This finding aligns with that of (Dewi et al., 2022), who found that, at the inter-provincial level in Indonesia, export variables have been shown to significantly influence regional economic growth. Thus, active inter-regional exports increase the value of regional production and income, thereby increasing the rate of economic growth.

Second, inter-regional exports also strengthen cross-regional economic linkages, generating positive spillover effects. This means that export development in one region can impact other regions through the flow of inputs, logistics, labor, and technology. This aligns with the research findings of Nainggolan et al. (2023) in West Java Province found that exports increased by an average of 8.38% per year, and GRDP also

increased by 17.14% per year, indicating a correlative relationship between exports and economic growth. Thus, inter-regional exports not only benefit sending regions but also drive broader regional dynamics.

Development inequality, which can be defined as the unequal distribution of income, access to education/healthcare, or economic opportunities, has shown a significant negative impact on economic growth. First, high inequality limits the accumulation of human capital because large segments of society lack access to education or sufficient investment. From the aggregate demand side, when income is concentrated in a small segment of society, the purchasing power of the larger group declines because they consume a proportionally larger proportion of their income than the rich. Thus, investment and production can decline due to a weak domestic market. These results align with the findings of Gelgo & Hirko (20-23) in Ethiopia.

Furthermore, inequality also impacts the quality of institutions and social trust, which in turn influence productivity, innovation, and investment. As an article from the International Monetary Fund (IMF) notes, rising income disparities can erode trust, hinder risk-taking and business collaboration—all of which are drivers of economic growth (Gould & Hijzen, 2017). Thus, development inequality is not simply a matter of social justice but also a real structural obstacle to inclusive and sustainable economic growth.

V. Conclusions And Recommendations

Conclusion

1. The results of this study indicate that investment has a positive and significant impact on economic growth in South Sulawesi Province. Increased investment, from both the public and private sectors, can drive increased regional output through job creation and increased productivity. Therefore, policies that facilitate investment facilitation need to be continuously strengthened.
2. The number of employed people also has a positive impact on economic growth. This means that the more workers absorbed in economic activities, the greater their contribution to increasing regional GRDP. However, the quality of the workforce is a crucial factor that needs to be considered for sustainable economic growth.
3. Regional government spending plays a significant role in driving economic growth, particularly through financing infrastructure and public services. However, the effectiveness of this spending depends heavily on efficient budget allocation and management. Productive spending will have a multiplier effect on other economic sectors.
4. The analysis shows that inter-regional exports have a positive and significant impact on economic growth. Increased inter-regional trade flows encourage increased production and expand markets for local products in South Sulawesi. This emphasizes the importance of inter-regional connectivity and increasing the competitiveness of superior regional products.
5. The economic inequality variable shows a negative impact on economic growth. Regions with high levels of inequality tend to experience slower growth due to low purchasing power and limited access to economic resources. Therefore, equitable development is a crucial aspect in supporting inclusive economic growth in South Sulawesi Province.

Recommendations

1. The South Sulawesi Provincial Government needs to strengthen the investment climate by improving regulations, simplifying permits, and improving the quality of basic infrastructure such as transportation, energy, and telecommunications. Furthermore, it is important to encourage equitable investment distribution to regions outside growth centers like Makassar to ensure more equitable distribution of economic benefits and avoid concentration in one region.
2. Vocational training and education programs based on industry needs are needed to improve the quality of the local workforce. The regional government can collaborate with universities, training institutions, and the private sector to prepare human resources that are adaptive to technological changes and job market needs.
3. Government spending should be focused on productive programs such as developing economic infrastructure, empowering MSMEs, and strengthening the agricultural and processing industries. The government also needs to increase transparency and accountability in budget management so that every expenditure has a real impact on economic growth.
4. To encourage inter-regional exports, the government needs to improve logistics and transportation connectivity between regencies/cities in South Sulawesi and with other provinces. Furthermore, it is

- necessary to promote and facilitate superior regional products to enable them to compete in domestic and regional markets, for example by strengthening supply chains and improving product quality standards.
5. Regional governments must prioritize equitable distribution of development outcomes through affirmative action policies for disadvantaged regions, increasing access to education and healthcare, and strengthening the rural economy. These efforts to reduce inequality will strengthen the foundation for inclusive and sustainable economic growth.
 6. Future research is recommended to (a) Use panel data over a longer time period to ensure more stable and accurate analysis results. (b) Add other variables such as innovation, industrial sector productivity, and infrastructure quality to understand other factors influencing economic growth. (c) Conduct spatial analysis to examine differences between regions in South Sulawesi in greater detail.

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