

Assessing Regional Economic Conditions Prior to Expansion in Luwu Raya: Evidence from the Williamson Index and Klassen Typology

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Abstrak— This study assesses the regional economic conditions of Luwu Raya prior to the proposed regional expansion by examining regional inequality and relative economic performance. A quantitative descriptive approach was employed using Gross Regional Domestic Product (GRDP) per capita at constant 2010 prices and population data for Luwu Regency, East Luwu Regency, North Luwu Regency, and Palopo City during 2014–2024. Regional inequality was measured using the Williamson Index, while regional economic positions were classified using Klassen Typology. The Williamson Index declined from 0.36 in 2014 to 0.33 in 2024, indicating a modest reduction in inequality from the moderate to the low category, although the change remained close to the 0.35 threshold. Klassen Typology placed Luwu Regency, North Luwu Regency, and Palopo City in Quadrant III and East Luwu Regency in Quadrant II; no region was classified in Quadrant I. These findings provide a baseline description of the heterogeneous regional economic structure of Luwu Raya and conditional economic considerations for the expansion agenda. They should not be interpreted as evidence of comprehensive expansion feasibility or as proof that expansion would improve growth, inequality, or welfare..

Keywords: Regional Expansion, Regional Inequality, Klassen Typology, Economic Growth

1. INTRODUCTION

Fiscal decentralization has become one of the major policy reforms implemented in Indonesia following the enactment of Law Number 22 of 1999 concerning Regional Government (Hakim & Dharmawan, 2024). This policy grants broader authority to local governments in managing resources, formulating development policies, and determining budget priorities according to local needs and regional characteristics (Coffey & Polese, 1985). Within this framework, regional expansion through the establishment of New Autonomous Regions (Daerah Otonomi Baru/DOB) has emerged as an important policy instrument intended to accelerate regional development and improve public service quality (Santoso, 2012). Regional expansion has frequently been viewed as a strategic mechanism for strengthening administrative effectiveness and bringing government services closer to local communities (Maisari, 2022). Regional governments are expected to formulate development strategies that correspond to the specific characteristics and economic potential of their respective regions (Roberts & Stimson, 1998).

From an economic perspective, decentralization is expected to improve resource allocation because local governments possess a better understanding of local socio-economic conditions (Temenggung et al., 2020). The implementation of regional autonomy is also expected to encourage the emergence of new growth centers capable of stimulating regional economic development (Manaf & Ruslan, 2023). The development of new growth centers may contribute to reducing disparities among regions through more balanced economic activities (Masan & Nuryadin, 2020). Fiscal autonomy is expected to provide opportunities for local governments to maximize regional potential and improve development outcomes (Adzam, 2025). Therefore, decentralization and regional expansion are often considered strategic instruments for promoting equitable regional development (Warsono, 2016).

However, the implementation of regional expansion policies in Indonesia has produced diverse outcomes across different regions (Talitha et al., 2020). Several studies indicate that newly established autonomous regions have not fully succeeded in improving economic performance and social welfare conditions (Yumanda & Aminy, 2023). The existence of newly established regions does not automatically guarantee sustainable economic growth and development improvements (Lee, 2020). Some autonomous regions continue to experience substantial dependence on fiscal transfers from the central government (Nazihah et al., 2026). Such conditions raise concerns regarding the effectiveness of regional expansion policies in promoting equitable development (Santoso, 2012).

Fiscal capacity has become one of the main challenges influencing the sustainability of regional autonomy policies (Kosov et al., 2026). Weak fiscal independence frequently limits the capability of local governments to finance development programs independently (Nazihah et al., 2026). Low locally generated revenue (Pendapatan Asli Daerah/PAD) remains a significant obstacle for regional governments in strengthening economic development efforts (Faqih et al., 2024). Several regions also allocate a greater proportion of expenditures toward

administrative activities instead of productive development sectors (Gusprinadi et al., 2024). Consequently, inadequate fiscal capacity may reduce the effectiveness of regional expansion initiatives (Alam & Amir, 2026).

Regional inequality remains one of the primary challenges in regional economic development processes (Masan & Nuryadin, 2020). Differences in economic capacity among regions frequently create unequal development patterns and welfare outcomes (Iammarino et al., 2019). Unequal infrastructure distribution and limited accessibility may contribute to development disparities among regions (Tu et al., 2025). Regional expansion is often expected to become an alternative policy for reducing such inequalities and improving regional integration (Maisari, 2022).

Previous studies have examined regional expansion and decentralization in Indonesia from several perspectives. Firman (2009) highlighted the potential fragmentation of regional development associated with rapid local-government proliferation under decentralization. Anggia et al. (2019), using the Williamson Index for North Sumatra during 2000–2016, examined regional inequality in a province that had experienced substantial regency proliferation and reported persistently high development disparities following expansion. Masan and Nuryadin (2020) examined the economic structure of Hulu Sungai Utara and Balangan in the context of regional expansion, demonstrating that the economic consequences of territorial restructuring can differ between parent and newly established regions. Yumanda and Aminy (2023), meanwhile, compared the post-expansion economic performance of 14 new autonomous regions and 13 parent regions using data from the first five years following expansion. Their analysis found different patterns across fiscal capacity, regional independence, GRDP per capita growth, and poverty indicators. At a broader scale, Talitha et al. (2020) examined two decades of decentralization in Indonesia and emphasized the importance of institutional arrangements in shaping regional development outcomes.

These studies provide important evidence concerning decentralization and regional expansion, but their analytical orientation differs from the problem addressed in Luwu Raya. The studies identified above primarily examine outcomes after decentralization or regional expansion, assess the consequences of governmental proliferation, or focus on particular dimensions such as post-expansion economic performance or regional inequality. For example, the Williamson Index has been applied to identify development inequality following substantial regional proliferation, while post-expansion comparisons have been used to assess differences between new autonomous regions and their parent regions. Such approaches are valuable for evaluating outcomes after institutional restructuring, but they do not directly provide an integrated diagnostic of inequality and the relative growth–income position of constituent regions before a proposed expansion takes place.

The novelty of this study lies in its pre-expansion, integrative diagnostic perspective rather than in the individual analytical methods themselves. Instead of treating the Williamson Index or Klassen Typology as a comprehensive test of expansion feasibility, this study combines the two approaches to examine different but complementary aspects of the regional economy. The Williamson Index identifies the magnitude and temporal pattern of inequality across the Luwu Raya area, while Klassen Typology identifies the relative position of each constituent regency or city based on the combination of economic growth and GRDP per capita. Their integration makes it possible to determine not only whether regional disparities are increasing or decreasing, but also how heterogeneous growth and income positions among Luwu Regency, East Luwu Regency, North Luwu Regency, and Palopo City contribute to the broader regional economic structure. In this sense, the study provides economic evidence for consideration in the regional expansion agenda, rather than a comprehensive assessment of the administrative, fiscal, institutional, or political feasibility of expansion.

Luwu Raya provides a relevant context for such an assessment because the regional expansion discourse involves both the proposed establishment of Luwu Tengah Regency and the proposed establishment of Luwu Raya Province. The area considered in this study consists of Luwu Regency, East Luwu Regency, North Luwu Regency, and Palopo City. In particular, the proposed formation of Luwu Tengah is associated with the spatial relationship between the Lamasi–Walenrang area and the administrative center of Luwu Regency. These geographical and administrative characteristics make it important to understand whether the constituent territories exhibit relatively balanced economic conditions or instead demonstrate substantial differences in their growth and income structures before drawing broader conclusions regarding regional restructuring.

Accordingly, this study aims to assess the regional economic conditions of Luwu Raya during 2014–2024 by integrating regional inequality and relative economic-position analyses. Specifically, the study: (1) examines the trend and magnitude of regional inequality using the Williamson Index; (2) classifies the relative economic position of Luwu Regency, East Luwu Regency, North Luwu Regency, and Palopo City using Klassen Typology based on economic growth and GRDP per capita; and (3) synthesizes the two sets of results to identify economic patterns that may constitute conditional considerations for the regional expansion agenda. The results should therefore be interpreted as an initial regional economic diagnostic and not as evidence that regional expansion will necessarily improve economic growth, public welfare, fiscal capacity, or public service performance.

2. RESEARCH METHODOLOGY

This study employed a quantitative descriptive approach to analyze regional economic conditions in the Luwu Raya area prior to the proposed regional expansion. The study covered four administrative regions, namely Luwu Regency, East Luwu Regency, North Luwu Regency, and Palopo City, during the 2014–2024 period. Secondary data were obtained from official publications of Statistics Indonesia (*Badan Pusat Statistik—BPS*), consisting of Gross Regional Domestic Product (GRDP) per capita at constant 2010 prices and population data for each regency/city.

The use of GRDP at constant prices was intended to capture changes in real economic activity by eliminating the influence of price changes. Before the analysis, the data were checked for consistency in terms of observation period, administrative unit, measurement unit, and constant-price base year. The analysis consisted of two main methods, namely the Williamson Index and Klassen Typology.

Regional inequality was measured using the Williamson Index (Williamson, 1965). The Williamson Index measures the degree of economic disparity among regions by considering differences in GRDP per capita and the population share of each region. The Williamson Index was calculated using the following formula:

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

Where (IW) is the Williamson Index; (Y_i) is the GRDP per capita of region (i); ($\bar{Y}$) is the average GRDP per capita of the Luwu Raya area; and f_i is the proportion of the population of region i to the total population of Luwu Raya. A Williamson Index value approaching zero indicates relatively low regional inequality, while a higher value indicates greater disparity among regions. In this study, an index value below 0.35 was classified as low inequality, a value between 0.35 and 0.50 as moderate inequality, and a value above 0.50 as high inequality. Although these thresholds were used to facilitate interpretation, changes in the index were not assessed solely on the basis of categorical classification. The magnitude and direction of the numerical change in the Williamson Index were also considered to avoid interpreting a small movement across the threshold as a substantial reduction in regional inequality.

Regional economic growth was calculated based on annual changes in GRDP per capita at constant prices. The economic growth rate was calculated using the following formula:

$$G_{it} = \frac{Y_{it} - Y_{it-1}}{Y_{it-1}} \times 100\%$$

Where (G_{it}) is the economic growth rate of region (i) in year (t); (Y_{it}) is the GRDP per capita of region (i) in year (t); and (Y_{it-1}) is the GRDP per capita of the same region in the previous year.

Furthermore, the relative position of each region was analyzed using Klassen Typology by comparing the average economic growth and average GRDP per capita of each region with the average values of the Luwu Raya area. Klassen Typology classifies regional development into four categories: Quadrant I (advanced and rapidly growing regions), Quadrant II (advanced but depressed regions), Quadrant III (rapidly developing regions), and Quadrant IV (relatively underdeveloped regions) (Sjafrizal, 2008). The Luwu Raya benchmarks were calculated as the arithmetic mean of the four constituent regions:

Average economic growth (G):

$$G = \frac{\sum_{i=1}^n G_i}{n}$$

Average per capita income (Y):

$$Y = \frac{\sum_{i=1}^n Y_i}{n}$$

Where (G) represents the average economic growth, (G_i) is the economic growth rate in period (i), and (n) is the number of years or observation periods. Whereas in the second equation, (Y) is the average per capita income, (Y_i) is the per capita income in period (i), and (n) is the number of observation periods.

Table 1. Klassen Typology Classification

Quadrant	Criteria	Classification
I	($r_i > r$) and ($y_i > y$)	Advanced and rapidly growing region
II	($r_i < r$) and ($y_i > y$)	Advanced but depressed region
III	($r_i > r$) and ($y_i < y$)	Rapidly developing region
IV	($r_i < r$) and ($y_i < y$)	Relatively underdeveloped region

Source: Author's data processing results, 2026.

The Williamson Index and Klassen Typology were subsequently interpreted simultaneously. The Williamson Index was used to identify the overall pattern and trend of inequality within Luwu Raya, whereas

Klassen Typology was used to identify differences in the relative growth and income positions of individual regions. Thus, the integration of the two methods provides a more comprehensive description of regional economic conditions prior to the proposed expansion.

However, both methods are descriptive analytical tools and do not measure the causal impact or comprehensive feasibility of regional expansion. Therefore, the findings were interpreted as regional economic considerations for the expansion agenda rather than as evidence that the establishment of new autonomous regions would necessarily increase economic growth or public welfare.

3. RESULT AND DISCUCION

3.1 Regional Inequality in Luwu Raya

The Williamson Index was used to identify the level and temporal pattern of economic inequality among Luwu Regency, East Luwu Regency, North Luwu Regency, and Palopo City. The calculation results for the 2014–2024 period are presented in Table 2.

Table 2. Williamson Index Calculation Results for the Luwu Raya Area, 2014–2024

Year	Williamson Index	Classification
2014	0,36	Moderate
2015	0,36	Moderate
2016	0,35	Moderate
2017	0,35	Moderate
2018	0,34	Low
2019	0,34	Low
2020	0,34	Low
2021	0,33	Low
2022	0,33	Low
2023	0,33	Low
2024	0,33	Low

Source: Author's data processing results, 2026.

The results show that the Williamson Index declined from 0.36 in 2014 to 0.33 in 2024. According to the classification used in this study, inequality was categorized as moderate during 2014–2017 and shifted into the low category beginning in 2018. However, this categorical transition should be interpreted cautiously. The absolute decline over the eleven-year observation period was only 0.03 index points, equivalent to an approximately 8.33% decrease relative to the 2014 value. Therefore, the result indicates a modest decline in regional inequality rather than strong regional economic convergence.

The temporal pattern also shows that the decline in inequality was gradual. The index remained at 0.36 during 2014–2015, decreased to 0.35 in 2016–2017, and subsequently fell to 0.34 during 2018–2020. It reached 0.33 in 2021 and remained unchanged at that level through 2024. The stability of the index during the final four years indicates that the reduction in inequality slowed toward the end of the observation period. Hence, although the numerical value crossed the 0.35 threshold used to distinguish moderate and low inequality, the difference from that threshold remained relatively small.

This finding has two important implications. First, the economic disparities among the four regions were not extremely high during the observation period. Second, the persistence of an index value close to the moderate-inequality threshold indicates that differences in regional economic performance remain relevant. Thus, the decline in the Williamson Index should not be interpreted as evidence that disparities within Luwu Raya have been eliminated.

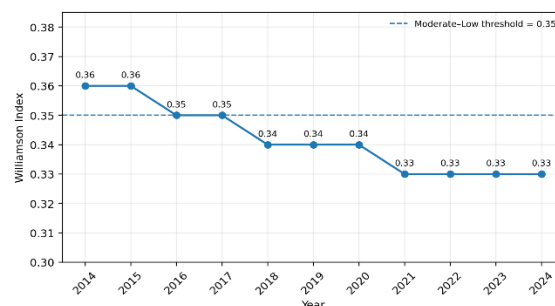


Figure 1. Trend of the Williamson Index in the Luwu Raya Area, 2014–2024

Figure 1 shows that the decline in regional inequality occurred gradually over time. During the period of 2014–2017, the Williamson Index remained within the range of 0.35–0.36. After 2018, the index exhibited a downward trend and tended to stabilize at 0.33 from 2021 to 2024. This pattern indicates that regional disparities have not been completely eliminated; however, there are indications that some regions with relatively lower income levels have begun to experience improvements in economic performance.

The pattern found in Luwu Raya differs from the findings of Anggia et al. (2019) in North Sumatra. Using the Williamson Index for the 2000–2016 period, their study reported a high level of development inequality associated with a province experiencing extensive regency and city proliferation. In contrast, the Luwu Raya results show relatively moderate-to-low inequality and a modest downward trend prior to the proposed expansion. This difference indicates that regional expansion contexts cannot be assumed to display identical inequality patterns and reinforces the importance of examining the initial economic conditions of each regional configuration.

Nevertheless, the lower inequality observed in Luwu Raya should not be interpreted as evidence that future regional expansion would necessarily reduce disparities. The present study examines economic conditions before the proposed expansion and does not estimate the causal effect of territorial restructuring. Consequently, the Williamson results provide a baseline description of the regional economic structure rather than a prediction of post-expansion inequality.

3.2 Klassen Typology Analysis Results

The Klassen Typology analysis was employed to classify the relative position of each regency and city within the Luwu Raya area based on the combination of economic growth and GRDP per capita. The average economic growth of the Luwu Raya area during the observation period was 4.96%, while the average regional GRDP per capita was IDR 9,651.98 thousand. These values served as the reference thresholds for determining the Klassen quadrants.

Table 3. Klassen Typology Calculation Results for the Luwu Raya Area

Region	Average Growth (%)	Average GRDP per Capita	Comparison with Regional Average	Klassen Classification
Luwu Regency	5.81	9,549.29	($r_i > r$; $y_i < y$)	Quadrant III: Rapidly developing region
East Luwu Regency	3.06	15,954.58	($r_i < r$; $y_i > y$)	Quadrant II: Advanced but depressed region
North Luwu Regency	5.45	7,820.45	($r_i > r$; $y_i < y$)	Quadrant III: Rapidly developing region
Palopo City	5.53	5,283.61	($r_i > r$; $y_i < y$)	Quadrant III: Rapidly developing region
Regional Average	4.96	9,651.98	Benchmark	–

Source: Author's data processing results, 2026.

Luwu Regency was classified in Quadrant III, indicating that its average economic growth of 5.81% was higher than the Luwu Raya benchmark of 4.96%, while its average GRDP per capita of IDR 9,549.29 thousand remained below the regional benchmark of IDR 9,651.98 thousand. This result indicates a region characterized by relatively rapid growth but with a per capita economic level that had not yet exceeded the Luwu Raya average.

An important consideration is that Luwu Regency's average GRDP per capita was only IDR 102.69 thousand, or approximately 1.06%, below the regional benchmark. Thus, although Luwu Regency was formally classified in Quadrant III, its position was relatively close to the income boundary separating Quadrants III and I. This proximity suggests that the classification of Luwu Regency should be interpreted more cautiously than the classification of regions located substantially farther from the benchmark.

East Luwu Regency was classified in Quadrant II. Its average GRDP per capita reached IDR 15,954.58 thousand, which was IDR 6,302.60 thousand above the regional benchmark. In contrast, its average economic growth was 3.06%, or 1.90 percentage points below the Luwu Raya average. The classification therefore indicates a region with a comparatively high per capita economic level but slower average growth relative to the other regions included in the analysis.

This result should not, however, be interpreted as evidence concerning the particular sector responsible for East Luwu's economic position because sectoral decomposition was not included in the present analysis. The Klassen results demonstrate only the relative combination of growth and GRDP per capita. Any explanation concerning the contribution of mining, manufacturing, agriculture, or other economic sectors would require additional sector-specific data and analysis.

North Luwu Regency was also classified in Quadrant III. Its average economic growth of 5.45% exceeded the regional benchmark by 0.49 percentage points, while its average GRDP per capita of IDR 7,820.45 thousand was IDR 1,831.53 thousand below the Luwu Raya average. The result indicates relatively strong growth dynamics accompanied by a per capita economic level that remained below the regional benchmark.

Palopo City exhibited a similar classification. Its average economic growth of 5.53% was 0.57 percentage points above the Luwu Raya benchmark, whereas its average GRDP per capita of IDR 5,283.61 thousand was IDR 4,368.37 thousand below the benchmark. Palopo was therefore classified in Quadrant III. As with East Luwu, the classification itself does not establish the sectoral structure underlying Palopo's economic position. Consequently, descriptions of Palopo as a service, trade, or educational center should be supported by separate sectoral statistics or relevant references rather than inferred directly from the Klassen analysis.

The overall Klassen configuration reveals an important pattern. None of the four regions was positioned in Quadrant I. Thus, during the observation period, no region simultaneously recorded an average growth rate and an average GRDP per capita above the corresponding Luwu Raya benchmarks. East Luwu exhibited the highest per capita economic level but lower growth, whereas Luwu Regency, North Luwu Regency, and Palopo City exhibited above-average growth with below-average GRDP per capita. This configuration indicates that the regional economic structure of Luwu Raya was heterogeneous. Relatively high growth was not necessarily accompanied by relatively high GRDP per capita, while the region with the highest GRDP per capita did not record the highest growth. The absence of a Quadrant I region therefore represents a relative imbalance between the growth and income dimensions rather than evidence that the regional economy is economically unviable

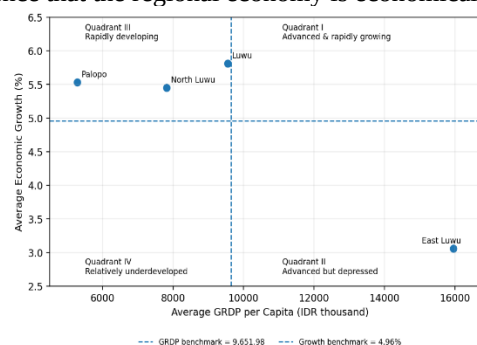


Figure 2. Klassen Typology Quadrant Diagram of the Luwu Raya Area

Figure 2 further strengthens the visualization of the relative position of each region within the Luwu Raya area. No region is classified in Quadrant I, which represents regions characterized by both high economic growth and high GRDP per capita. This finding indicates that the Luwu Raya area has not yet developed a growth center that simultaneously demonstrates strong economic acceleration and high income levels. East Luwu Regency performs strongly in terms of income generation, while Luwu Regency, North Luwu Regency, and Palopo City show stronger performance in terms of economic growth.

3.3 Synthesis of Results: Inequality, Growth, and the Regional Expansion Agenda

The findings of this study are broadly consistent with previous studies indicating that regional expansion does not automatically eliminate regional disparities. Talitha et al. (2020) reported that institutional restructuring alone is insufficient to ensure balanced regional development. Similarly, Yumanda and Aminy (2023) found that newly established autonomous regions often continue to experience uneven economic performance despite administrative expansion. However, unlike previous studies that primarily focus on post-expansion evaluations, this study examines economic conditions before regional expansion occurs. Therefore, the present study contributes a complementary perspective by assessing regional economic structure and readiness rather than evaluating realized expansion outcomes.

The absence of any region in Quadrant I in the Klassen Typology indicates that Luwu Raya has not yet developed a dominant growth center capable of simultaneously generating high economic growth and high per capita income. This condition reflects a structural imbalance in which growth and income performance are distributed unevenly across regions. However, this finding should not be interpreted as evidence of development failure, but rather as an indication of heterogeneous regional economic capacity.

When the Williamson Index and Klassen Typology results are analyzed simultaneously, three important findings emerge. First, development inequality within the Luwu Raya area shows a declining trend from 0.36 to 0.33, although the magnitude of change is relatively small and remains close to the moderate-inequality threshold. Second, regions with relatively high economic growth do not necessarily have high GRDP per capita levels, as shown by Luwu Regency, North Luwu Regency, and Palopo City. Third, the region with the highest GRDP per

capita, namely East Luwu Regency, exhibits economic growth below the regional average. These findings collectively indicate the existence of structural asymmetry in regional development patterns.

Table 4. Synthesis of Analytical Results and Conditional Economic Considerations

Findings Aspect	Main Results	Regional Economic Meaning	Conditional Economic Considerations
Williamson Index	Declined from 0.36 to 0.33	Regional inequality decreased from moderate toward low levels but remained close to the threshold of moderate inequality	Provides a baseline for considering equitable regional development priorities; it does not establish the effect of expansion.
Klassen Typology	No region in Quadrant I	No region simultaneously demonstrates high economic growth and high per capita income	Highlights heterogeneous growth–income positions that should be considered alongside connectivity and growth-center assessments.
Luwu Regency	Quadrant III: Rapidly developing region	High economic growth with GRDP per capita still below the regional average	Provides parent-region economic context; specific implications for Lamasi–Walenrang require subregional data.
East Luwu Regency	Quadrant II: Advanced but depressed region	High income level but relatively slower economic growth	The high-income but lower-growth position should be considered when assessing the balance of the proposed regional configuration.
Palopo City	Quadrant III: Rapidly developing region	Above-average growth with GRDP per capita below the regional average.	Provides contextual evidence on Palopo's relative economic position; sectoral or service-hub roles require separate evidence.

Source: Author's data processing results, 2026.

In relation to the proposed establishment of Luwu Tengah Regency, the findings indicate that arguments for regional expansion should not rely solely on administrative considerations or regional identity. The results show that Luwu Regency has relatively strong economic growth, although its GRDP per capita remains slightly below the regional average. This suggests that the proposed expansion of the Lamasi–Walenrang area is more appropriately interpreted as a strategy to improve service accessibility, reduce spatial administrative distance, and strengthen regional integration rather than merely creating a new autonomous region.

The geographical separation of Lamasi and Walenrang from the administrative center of Luwu Regency, partly influenced by the presence of Palopo City as a separate administrative entity, may increase coordination costs and reduce the effectiveness of public service delivery. From a regional economic perspective, such spatial fragmentation can weaken the transmission of development benefits from growth centers to peripheral areas. Therefore, if regional expansion is designed to reduce administrative distance and improve connectivity, it is consistent with the empirical pattern identified in this study.

Meanwhile, in the context of the proposed Luwu Raya Province, the findings indicate that the regional economic structure remains heterogeneous. East Luwu Regency demonstrates relatively high per capita income, while Luwu Regency, North Luwu Regency, and Palopo City exhibit relatively higher growth rates but lower income bases. This condition suggests that provincial-level expansion should be accompanied by policies that promote economic diversification, strengthen interregional linkages, and avoid dependence on a single dominant economic center.

Finally, it is important to emphasize that the Williamson Index and Klassen Typology are descriptive analytical tools. They are designed to identify patterns of inequality and relative economic positioning, not to establish causal effects of regional expansion. Therefore, the results of this study should be interpreted as a baseline economic diagnosis of the Luwu Raya region prior to any administrative restructuring. Future research is recommended to incorporate fiscal capacity analysis, sectoral economic structure, infrastructure readiness, and econometric approaches to provide a more comprehensive evaluation of regional expansion feasibility.

4. CONLUSSION

This study examined the regional economic conditions of Luwu Raya during the 2014–2024 period using the Williamson Index and Klassen Typology. The Williamson Index showed a gradual decline from 0.36 in 2014 to 0.33 in 2024. Although this change resulted in a shift from the moderate to the low inequality category based

on the threshold used in this study, the absolute decline was only 0.03 index points. Therefore, the result is more appropriately interpreted as a modest reduction in regional inequality rather than evidence of strong regional economic convergence. The stability of the index at 0.33 during 2021–2024 further indicates that the reduction in inequality tended to slow toward the end of the observation period.

The Klassen Typology analysis revealed heterogeneous economic positions among the four constituent regions. Luwu Regency, North Luwu Regency, and Palopo City were classified in Quadrant III, indicating average economic growth above the Luwu Raya benchmark but GRDP per capita below the regional average. East Luwu Regency was classified in Quadrant II, characterized by relatively high GRDP per capita but economic growth below the regional benchmark. No region was classified in Quadrant I. These findings indicate that no constituent region simultaneously recorded both above-average economic growth and above-average GRDP per capita during the observation period. The results therefore reflect an asymmetric regional economic structure in which growth and income capacity are distributed differently across regions.

Taken together, the Williamson Index and Klassen Typology provide complementary evidence regarding the economic configuration of Luwu Raya prior to the proposed regional expansion. The decline in aggregate inequality does not imply that all regions have converged toward a similar economic position, because substantial differences remain in the combination of economic growth and GRDP per capita among the constituent regions. Accordingly, the findings indicate that regional economic conditions provide conditional considerations for the Luwu Raya expansion agenda, rather than establishing the economic feasibility or expected impact of regional expansion.

In the context of the proposed establishment of Luwu Tengah Regency, the findings concerning Luwu Regency provide information on the broader economic environment surrounding the proposed Lamasi–Walenrang area. However, because this study does not use separate micro-level economic data for Lamasi–Walenrang, the results cannot be interpreted as direct evidence of the economic feasibility of establishing Luwu Tengah Regency. More detailed subregional analysis is therefore required before stronger conclusions can be drawn regarding the proposed new autonomous region.

Similarly, in relation to the proposed establishment of Luwu Raya Province, the heterogeneous economic positions of Luwu Regency, East Luwu Regency, North Luwu Regency, and Palopo City indicate the importance of considering differences in growth and income capacity among constituent regions. These conditions may be relevant for regional planning, but they do not demonstrate that the establishment of a new province would necessarily increase economic growth, reduce inequality, or improve public welfare. From a policy perspective, the findings suggest that any discussion of regional expansion should be accompanied by broader development considerations, including interregional connectivity, equitable distribution of growth opportunities, development of regional growth centers, and economic diversification. These points should be treated as policy considerations derived from the observed regional economic pattern, rather than as direct effects predicted by the present analysis.

This study has several limitations. First, the analysis is limited to regional inequality, economic growth, and GRDP per capita and therefore does not capture the full range of indicators required for a comprehensive regional expansion feasibility assessment. Second, fiscal capacity indicators such as locally generated revenue, intergovernmental transfers, capital expenditure, personnel expenditure, and fiscal independence were not included. Third, the study did not directly examine infrastructure readiness, public-service capacity, poverty, institutional capacity, or administrative feasibility. Fourth, the analysis did not use specific economic data for the Lamasi–Walenrang area. Finally, both the Williamson Index and Klassen Typology are descriptive methods and cannot establish causal relationships between regional expansion and subsequent economic outcomes.

Future studies should therefore integrate fiscal, infrastructural, institutional, public-service, poverty, and socio-economic indicators with more detailed data at the Lamasi–Walenrang level. Further research may also employ longitudinal, comparative, or econometric approaches to examine the actual effects of regional expansion after implementation. Such extensions would provide a more comprehensive basis for evaluating the economic and administrative feasibility of future regional restructuring in Luwu Raya.

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