

ABSTRACT

Effect of Regional Development Disparity on Employment Structure and Socio-economic Welfare in East Kalimantan Region

This study was based on the theory of economic development where each state/region was fraught with differences in their economic development owing to the differences in ownership of resources in each region. An extent of the success in economic development in certain region could be compared with that of other regions and this would bring about a pivotal effect on the socio-economic welfare. Thus, the objective of recent study was to analyze and examine an effect of the regional development disparity on the employment structure and socio-economic welfare in East Kalimantan region.

This research employed secondary data published by Central Bureau of Statistic, Manpower Agency and Regional Development Planning Board in East Kalimantan Province in the period of 1998-2003.

The analytical results using Structural Equation Modeling (SEM) aided by Analysis of Moment Structures (AMOS) software of version 4.01 showed that the regional development disparity brought about a significant and positive effect on the employment structure. Similarly, the employment structure in the region was significantly and positively effect with the socio-economic welfare. This also applied to effect of the regional development disparity on the socio-economic welfare.

Hence, it could be concluded that East Kalimantan Province belonged to category of unbalanced growth model since the high economic growth would be accompanied by a high disparity in sectoral growth measured by Balance Growth Index. The population's welfare level measured on the basis of Human Development Index indicated that East Kalimantan was in the low middle level, while its income distribution under measurement of the World Bank was in equal condition.

Keywords : Economic development disparity, socio-economic welfare, employment, and income distribution.