



## Perceptions of Economic Development and Its Social Impact in Palu, Central Sulawesi

Edhib Harits Anugrah<sup>1</sup>

<sup>1</sup>Public Administration Study Program, Stisip Veteran Palopo

\*Corresponding Author: Edhib Harits Anugrah

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### Abstract

*Using ideological contextualization, this work explores how people in Palu, Central Sulawesi, experience economic development and its resulting social change across the socio-economic strata. In a quantitative manner, this study aimed at assessing some opinions among residents of the USA classified among the different income groups; growth economy; social injustice; social cohesion; and the decline of traditional morality. The study also shows that although higher income groups are more likely to embrace economic development than negative its lower income groups experience social vices, inequality and rejection of modernity. Furthermore, the loss of the traditional value system and decline of solidarity, which both pale in comparison to the changes that the urbanization of Palu has brought to the participants in the field of study, are mentioned. The study helps to fill the gap in the literature on how various social groups are affected by economic development of mid-size cities and contributes to the international understanding of issues of urban development. That is why, according to the study, without liberationist policies, the process of economic growth only intensifies divisions within society and deepens existing fissures. These findings have policy implications for the policy makers who wish to foster balanced and inclusive development in such urban environments.*

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## INTRODUCTION

Economic development is an essential process in transforming societies, and has enormous implications on infrastructure, provision of services, employment and human development. As observed in many regions of the globe, the rate and scale of development defines outcome in terms of quality of life and the availability of a range of essential resources. When it comes to vulnerable regions, which, for instance, have recently experienced disasters like Palu in Central Sulawesi, Indonesia the stakes regarding development are much higher. Economic profile, Palu has however since its 2018 earthquake and tsunami experienced a pretty drastic turn, whereby the region, its lives and structures were badly affected. It has been seen that regeneration strategies directed within this area do not merely pertain to the simple process of reconstruction of destroyed structures, but also involves systematic efforts towards restoration of economic activity to make it stronger than

before. But with ongoing changes in development projects there has been a growing need to know how the host communities view these changes and their perception of the social effects of economic growth.

Usually, economic development is associated with infrastructure development, employment opportunities and an increased ability to access services for which people are willing to pay, and which are seen as positive. But it also has undesirable effects on the social structure and leads to social disorganization, rising inequality, and the alteration of the societies' structure might take a longer time to surface (Muntaner et al., 2020). These two aspects of development, therefore, are generally characterised by the nature and magnitude of impacts that accompany development: both positive and negative: The context in which development is occurred also affects the nature of development including the level of initial endowments, governance and social capital (Qiang & Jian, 2020). For Palu, the problems of post-disaster reconstruction practices have transformed the development process into a multifaceted process where the economic aspect is complemented by social considerations regarding the development.

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economic development is not only about the meanings attached to income and services but is also about social relations, identity, power and culture (Schumpeter & Swedberg, 2021). This is especially true since fast development tries to sever the foundation of the numerous connections that people have had as a community for years. In Palu the more recent phenomenon of community associations to traditional values and social stability which often served as important elements of people's daily lives has offered the coming of what Thahir et al. (2023) referred to as new sources of economic opportunities, which however was accompanied by social change and conflict between modernization and cultural identity (Pogosyan, 2021). Whereas some inhabitants find new possibilities in development, others see negative consequences: decline in ethic fundamentals, and the erosion of societal ties, especially among the young people (Quintas et al., 2022).

These concerns point to the magnitude of the need for development studies that go beyond the economic benefit of development to embrace the social impacts. Policymakers and development practitioners should take the message from this paper that economic growth does not guarantee the welfare of communities. The social aspects of development such as equity, social inclusion and cultural aspects must as well, be incorporated to achieve harmoniously developed and balanced policies (Ainscow, 2020). As in most of the other growing developing nations, the dilemma facing Palu is what sort of development should be supported in order to promote growth while maintaining a stronger social structure that is so essential to ensuring the well being of people (Idrus, 2022).

That is why, as this study will show, economic development and the evaluations of social effects of such processes, in the context of Palu differ significantly depending on the major factors such as socio-economic status, cultural framework as well as the overall picture of the post-disaster landscape. Through developing these perceptions, the study hopes to extend the knowledge about that how people within the community experience economic development and thus contribute ideas that can help future developmental paradigm to be economically fruitful and socio-culturally sensitive.

## METHODS

The current research utilised a qualitative research approach to understand the views of economic development and the resulting social change in Palu, Central Sulawesi. Qualitative approach was used to obtain detailed account of experiences, perceptions and interpretations of local people to give more meaningful insights into how economic development has impacted on the social relations in the concerned community. The study employed data collection through interviews and group discussions which enabled the collection of extensive quantity and quality information.

The study was cross-sectional, based on a case-study research design which is suitable for studying integrated events within existing environments. Being a city that experienced a huge disaster and currently has a rapidly changing economic processes, Palu was particularly relevant for ADA research in terms of the relationship between development and social consequences. In so doing and by anchoring the study on Palu, it was equally aimed at establishing how the changes were perceived and the new dimensions of social relation that followed.

The participants for the study were 20 of different origin, and data was collected using purposive sampling. This method was used so as to be able to have participants from different social economic status, ages and employments within the community. Some of the participants were the officials from the local government units, business entities, employees across different fields, teachers and parents, and other influential citizens in the society. The purposive sampling enabled the voices that could give different views on economic development and the societal ramifications.

Information was obtained through face and content analysis of fifty in-depth and semi structured interviews. All interviews were face to face and each of the interviews lasted between 45 minutes and one hour. The use of semi-structured interview enabled the interviewee a form of direction while at the same time being able to give the participant an opportunity to speak about issues in his or her own way. Interview questions and prompts were posed using an interview guide which included questions related to the participant's role, their perception of the impact of economic development and the social change within the community. Additional and related questions were asked to get down to various aspects highlighted by the participants to ascertain that their experiences were comprehensively captured.

Therefore, besides interviews, there was collection of observational data. The researcher took his/her time to interact with people in the community in places like the marketers, construction sites and community halls in a bid to unearth how economic dynamics affected the social life of the community. These observations acted as background information against which the interview data was compared and as a guide on what to look for as more patterns and themes emerged during the research.

Data analysis was done relying on thematic analysis, a method of categorizing, analyzing, and reporting patterns (themes) discovered in the qualitative data. The analysis process started with the interviews, which were transcribed then the

researcher read through all the interviews several times with the aim of familiarising with the data. I then use meaningful segment codes with issues such as: perception of economic development; social relation; affect of development to togetherness.

Later, after coding the data the researcher categorised them into initial themes based on similarities. These themes were further developed by checking the content of the data and rearranging the categorizations so as to fit the actual experience of the participants. The last themes included “benefits that development brings along” and “vulnerability and preemption of change.” For each theme, a discussion of the wider societal and economic situation in Palu was given allowing for an understanding of the way in which development was affecting the community.

The following are measures that were taken to increase credibility of the study: First, data was triangulated qualitatively through interviews and observation to validate or complement each other and enhance the understanding of the phenomenon under investigation. Second, member checking process involved soliciting feedback from a few participants with the view of ensuring that the study captured their perspective correctly. This assisted in establishing reliability of the study by making sure that the impressions made were quite in agreement with participants’ impressions.

Last of all, the researcher kept an analysis journal during and after the data collection and analysis process on possible biases and assumptions of the researcher which would affect the data analysis process. This reflexivity assisted in the reduction of a possibility of researcher bias and enhance the procedural credibility of the research.

## **RESULTS AND DISCUSSION**

The survey responses provide insights into how residents from varying economic backgrounds experience growth in terms of opportunities, social cohesion, and cultural changes. By investigating these perspectives, the study not only sheds light on the benefits and challenges associated with economic development in a mid-sized city but also emphasizes the social inequalities that may emerge or intensify as a result. The findings aim to contribute to the discourse on equitable urban development, highlighting the need for policies that ensure inclusive growth and mitigate adverse social consequences.

### **Positive Perceptions of Economic Development**

Economic development was another major theme in focus that suits the current paper; respondents’ perception on this was highly positive citing issues such as infrastructure development, employment opportunities and overall development in the city of Palu. These were considered as visible development activities especially for a city that was badly affected by the 2018 earthquake and Tsunami disaster. New roads, bridges and building have been constructed in a short time that not only offer access and connectivity but also economic benefits to traders which have enhanced public confidence.

Infrastructure development was the most mentioned essential benefit of economic development in the whole world. Interviews showed that the expansion of the road network together with construction of bridges and public amenities had enhanced ease of transportation all over the city and boosted commerce. Some of them include facility in travelling due to improvement of new road networks and transport means and efficient movement of goods and services for business entities. As the participants pointed out, this led to effective management of time with business operations and fostering of new enterprise development.

One business owner shared:

*“The new roads have made it easier for my suppliers to deliver goods on time. Before, we used to experience delays, especially during the rainy season when the old roads would be flooded. Now, business is better because everything moves faster.”*

Another participant, a community leader, observed:

*“Our village used to feel so isolated, but now with the new bridge, we are more connected to the city. People can come here to sell goods, and we can easily go to the market in town.”*

Creation of new employment opportunities remained another benefit stated by the respondents. Recent developments in constructions and investments have created sources of income to many people, especially in construction and retailing. These jobs have made many families stay afloat both financially, after the natural disaster, and have also provided people with a sense and drive to make contributions to the overall rebuilding of the city. The economic development experienced in Palu has promoted a new era of venture business as many participants said that they or their families have ventured into business due to scarcity and growth of business ventures.

A construction worker highlighted this by saying:

*“Before the development projects, I struggled to find work. But now, with all the construction going on, I have been working consistently for the past year. It has given me stability and allowed me to support my family.”*

Another participant, a young entrepreneur, shared:

*“I saw an opportunity when the city started growing again. I opened a small grocery store, and with all the new people coming into the area, business is thriving.”*

The economic development initiatives in Palu also had a positive ripple effect on local businesses, especially small and medium-sized enterprises (SMEs). Several participants reported an increase in demand for local products and services due to the influx of people and businesses associated with the city’s development projects. This demand boost was seen as a lifeline for many local entrepreneurs who had struggled to rebuild their businesses after the disaster.

A restaurant owner commented:

*“Since the development began, I’ve seen more customers every day. The construction workers, government officials, and even visitors who come to see the progress often eat here. It has really helped me get back on my feet after losing everything in the earthquake.”*

Similarly, a local craftsman mentioned:

*“There are now more opportunities to sell my products. People from outside the city are buying more, and it feels like our local culture is gaining more recognition because of the increased economic activity.”*

Economic development in Palu was also perceived as a driver of social empowerment, particularly in terms of improving living standards and providing more opportunities for the younger generation. Participants noted that increased economic activity had led to better access to education, healthcare, and other essential services, which they believed would help future generations thrive. Moreover, the focus on local hiring for many of the development projects was seen as an inclusive approach that ensured the benefits of growth were shared among the population.

A teacher in the community noted:

*“I’ve seen more parents being able to afford better education for their children now. This development is not just about buildings and roads; it’s about giving the next generation the tools to succeed.” Another participant, a young graduate, reflected, “I used to worry about finding a job after finishing school, but now there are more opportunities. I’m optimistic that I’ll be able to find work here and contribute to the city’s progress.”*

These positive perceptions highlight how economic development has provided tangible benefits to the people of Palu, fostering a sense of recovery, empowerment, and optimism. While challenges remain, the general sentiment among participants was one of hope for a better future, driven by the progress they witnessed in their city.

### **Social Disruptions and Inequality**

Despite the general positive attitude toward the economic development in Palu several interviewees mentioned negativity associated with social changes in the region as well as unfair distribution of resources. Of these concerns the main ones included diseased due to displacement of people, increased income inequality and perceived social isolation as social order was changing from traditional cultures to modernity. Although economic development promoted new opportunities, the process encountered difficulties regarding social groups which they did not feel included in the process of development.

The role of infrastructure projects and planned emerging property development to displace local communities was pointed out as one of the most pronounced social disturbances by the participants. The increase in new roads, business and housing estates especially in the poor population neighborhoods forcibly evicted families. Of course, some of these projects were aimed at the general development of the city’s infrastructure, yet residents were forced to leave their homes, therefore, people felt the loss and ab

uncertainty of their further life. The study findings indicated that many of the displaced families remain challenged in their new settings and presented concerns about regional variations on accessibility to the social support networks of original neighborhoods.

A local resident who was displaced due to a new housing project shared:

*“We had to move from the house my family has lived in for generations. The new place is far from where I work, and we don’t know the neighbors as well. It doesn’t feel like home anymore.”*

Another participant, a community leader, expressed concern about the impact on social cohesion, stating:

*“The community was broken apart when people were relocated. We used to know each other, help each other, but now people are scattered, and it’s harder to maintain those bonds.”*

Economic inequality was another issue that arose alongside Palu’s development. Although there were clear benefits for businesses and workers in certain sectors, several participants noted that not everyone had access to the opportunities created by the city’s growth. The more affluent members of society were seen as benefiting disproportionately from the new investments, while low-income families continued to struggle with rising living costs. The increasing cost of housing, in particular, was a source of frustration for many, as property values in newly developed areas soared beyond the reach of average residents.

A construction worker, reflecting on the issue of inequality, commented:

*“I see these big buildings going up, but most of us can’t afford to live in them. It feels like the city is growing for the rich, while we are just trying to get by.” Another participant, a small business owner, added, “The cost of rent has gone up so much that it’s hard to keep my business running. While some people are getting richer, others like me are barely holding on.”*

**Social Fragmentation and Loss of Traditional Values** The rapid modernization of Palu also led to concerns about social fragmentation and the erosion of traditional values. Participants noted that as new businesses and industries emerged, the city’s culture and traditions were being overshadowed by a more urbanized, profit-driven mentality. The influx of workers from outside the region and the focus on economic growth created a sense of alienation among some residents, who felt that the close-knit social fabric of the community was being replaced by more individualistic, competitive behaviors.

A local artisan lamented:

*“Before, people cared about traditions and would take the time to participate in community events. Now, everyone is busy with work, and it feels like people don’t have time for each other anymore.” Another participant, an elder in the community, observed, “The younger generation is more focused on making money than preserving our culture. It’s sad to see how quickly things are changing.”*

Some participants also discussed the feeling of exclusion from the benefits of economic development. While the city was growing, not everyone felt they had equal access to the opportunities created by this growth. Participants from lower-income backgrounds, women, and older residents in particular felt that they were being left out of the development process. Many expressed concerns about the lack of skills training and educational opportunities that could help them or their children take advantage of new jobs in the city. This sense of exclusion contributed to feelings of frustration and powerlessness, as they watched others benefit from the growth while they remained on the margins.

A young woman shared her frustration, saying:

*“There are more jobs now, but without the right education or skills, it’s hard to get hired. It feels like the opportunities are there, but they are not for people like me.”*

Another participant, an elderly resident, noted:

*“I’ve lived here my whole life, but now I feel like a stranger in my own city. Everything is changing so fast, and it seems like the new developments are for the younger generation, while the older people are being forgotten.”*

These concerns about social disruptions and inequality paint a more complex picture of the impact of economic development in Palu. While there were clear benefits in terms of growth and modernization, the accompanying social costs, such as displacement, inequality, and the loss of traditional values, created challenges that the community continues to grapple with. The development process, while beneficial to some, left others feeling marginalized and disconnected from the city’s progress.

### **Loss of Traditional Values and Community Cohesion**

Another of the participants’ concerns for Palu’s economic development was a decline in the values and a decrease in the cohesiveness of the society. The pace of social change influenced by increased rates of modernization and growing urbanization resulted in drastic cultural changes: the young people eagerly embracing the modern

way of life. This change process often occurred at the cost of traditional culture and beliefs as was usual with most communities constituting the society. Hence, participants also complained that such rapid developmental process was causing social stratification within society besides dampening unity that used to exist among people.

While the expansion of new businesses and outsiders bringing in new ideas to Palu have influenced the participant's perceptions of modernization as eradicating traditional cultural practices. Some respondent believed that change common economy had actually erased their culture, as the young people thought more about their careers, gadgets and money, and not day-to-day festivities, performing arts, and family meetings. The failure to preserve cultural integrity in the pursuit of economical well-being was identified as the main problem since it would lead to the severed of future gene generations from the past.

A local elder expressed concern about this trend, saying:

*"The youth today are more interested in their phones and city jobs than in learning the traditional songs and dances. We used to gather as a community to celebrate our customs, but now fewer people take part, and I'm afraid these traditions will be lost."*

Another participant, a community leader, remarked:

*"Economic development is good, but it's changing our values. People no longer value the things that make us who we are, like our local customs and respect for elders."*

Some participants were able to underscore how the younger generation was taking up these new cultures, in that they were readier and more willing to adopt the new, modern, urban culture that was now coming about because of the new economic opportunities. The youth was moving away from agricultural and artisanal occupations which their parents and grandparents practised and seeking jobs in industries that were developing in the city. This shift away from the forms of economic activity typical within a small, close-knit society was fostering cultural isolation as well as the decline in interaction between generations.

A father of two young adults shared his perspective, saying:

*"My children no longer want to work in the fields or take part in the rituals we used to do together as a family. They want to work in the city and live a different life. I understand why they want to move forward, but I worry that they are leaving behind important parts of our culture."*

Another participant, a traditional craftsman, voiced a similar concern:

*"Fewer young people are learning the skills we've passed down for generations. Instead, they want to work in offices and shops, but they are losing touch with what makes our community unique."*

Other fears that emerged out of the study involved breakup of the society d by economic development, apart from the concern over the diminished traditional values. This is to mean that the once compact forms of kinship networks that used to persist in local communities for instance neighborhoods where experiencing pressure and undoing of the modernist ideas underpinned by egoistic economic congregataia. While the foundation of Keizaev's new world rested on a change in the thinking of the people, this new mode of thinking was eradicating the sense of collectivism that has long defined the spirit of the communities, in favour of the new, materialistic spirit of competitiveness.

One community elder noted:

*“We used to rely on each other for everything whether it was helping during the harvest or supporting each other in times of need. But now, people are more focused on their own success and less on helping their neighbors. This development is dividing us, and it’s hard to see how we can rebuild those bonds.”*

Another participant, a teacher, echoed this sentiment:

*“The sense of togetherness we had is fading. People are busier with their work, and there is less time for community activities or for helping each other like we used to.”*

The influx of newcomers, attracted by economic growth, was also viewed as contributing to the social isolation of long-time residents. With more people moving to Palu for job opportunities, many of the older residents felt disconnected from the changing social dynamics. The new developments, populated by workers and families from other parts of Indonesia, created a sense of displacement for locals who felt that their neighborhoods were being transformed into spaces they no longer recognized or felt at home in. This isolation was compounded by the changing priorities of residents who were now more focused on individual success rather than community well-being.

One longtime resident expressed this feeling of alienation, saying:

*“My neighborhood has changed so much. New people are moving in, and it’s hard to get to know them. It feels like we are losing that sense of community where everyone knew each other and looked out for one another.”*

Another participant added:

*“I miss the days when we would gather as a community for festivals or to help each other with big tasks. Now, people are more isolated, and there’s a feeling that everyone is just out for themselves.”*

Participants frequently voiced concerns over the future of community cohesion in Palu if the current trajectory of economic development continued unchecked. While acknowledging the need for growth and modernization, they worried that if more attention wasn’t paid to preserving cultural values and fostering community spirit, the social fabric of the city could become irreparably weakened. Many believed that development initiatives should include efforts to strengthen community bonds and ensure that the benefits of economic progress were shared in a way that did not undermine the social cohesion that had historically defined Palu.

A community leader summed up these concerns by stating:

*“We need to find a balance between development and tradition. If we keep moving forward without preserving what makes us unique, we risk losing not just our culture, but our sense of community as well. We need to ensure that as we grow economically, we also grow together as a society.”*

Another participant reflected:

*“Economic progress is important, but it should not come at the cost of losing who we are. We must hold onto our values and find ways to keep our community strong, even as the city changes around us.”*

These sentiments reflect the deep-rooted fears that, despite the advantages brought by economic development, Palu’s cultural identity and social cohesion could be casualties of progress if careful consideration is not given to preserving them.

## Differences Based on Socio-Economic Backgrounds

Therefore, perceptions of the changes remained bleak for the residents especially as Palu had relatively experienced fairly adequate economic development. It was found that for participants across the different age groups, income, educational levels and occupations, there were perceptual differences as to how growth of the city had affected their lives based on apparent differences in opportunity and resource access. As with most progressive changes, the concept of development was embraced by the haves or the highly educated though the have nots or the less educated saw it as a way by which they would be locked out. These differences pointed out how socio-economic status remained more as a factor for defining how individuals experienced the change in the city.

The same results were obtained for business owners and the professionals from the higher-classes benefactory views towards the economical development of Palu. For some it was a chance for change not just for city, but for people and individuals too. By acquiring more capital, education and connections with others these people could get the best out of the new industries and business ventures that accompanied the modernization of Palu. This group often discussed how more employment opportunities, enhanced transport facilities, and other services that emerged as a consequence of improving economic situation in the city.

One business owner shared:

*“The development has been good for us. I’ve been able to expand my business, hire more staff, and even open a second location. There are more opportunities now than ever before.”*

Another participant, a local real estate investor, commented:

*“With all the new construction, the value of my properties has increased significantly. I’ve been able to sell at a good profit and reinvest in other parts of the city.”*

For these individuals, economic development represented a pathway to further success, and they expressed optimism about Palu's future. Their higher socio-economic status allowed them to navigate the city's growing economy more effectively, reaping the benefits that came with the influx of investments and modernization. In contrast, participants from lower-income backgrounds expressed more negative perceptions of the city's development. For these individuals, the rapid growth of Palu often led to increased costs of living, especially in terms of housing and basic necessities. Many low-wage workers and those with limited education felt excluded from the benefits of economic progress. While the city was growing and offering new opportunities, they often lacked the skills, education, or connections needed to take advantage of these changes, leaving them feeling marginalized and struggling to make ends meet.

A low-income factory worker described his experience:

*“I see the city growing, but it doesn’t feel like it’s growing for people like me. My rent has gone up, but my wages haven’t. It’s getting harder to keep up with everything.”*

Another participant, a mother of three who worked in a local market, echoed this sentiment:

*“The prices of food and everyday items have gone up, but we are still earning the same. It feels like only the rich are benefiting from all this development, while the rest of us are being pushed aside.”*

This group highlighted the stark reality that while economic growth can bring overall prosperity, it can also exacerbate existing inequalities, making it harder for lower-income individuals to keep up with rising costs and increased competition for limited resources.

Education also played a significant role in shaping participants' perceptions of the city's development. Those with higher levels of education were more likely to see the positive aspects of Palu's economic transformation, as their qualifications gave them access to better-paying jobs and more stable career paths. They felt empowered to navigate the city's new economic landscape, finding work in growing industries such as finance, technology, or management. For these participants, education was a critical factor that enabled them to take advantage of the opportunities created by Palu's modernization.

One university graduate working in a government position shared:

*“Having a degree has made it much easier for me to find work in the new sectors that are opening up. I’ve been able to secure a good job and provide for my family in ways I couldn’t have imagined before the city’s development.”*

Another participant, a young professional, stated:

*“Education has given me the tools to succeed in this new economy. The changes in Palu are exciting, and I feel like I have the skills to take advantage of the opportunities.”*

In contrast, participants with lower levels of education or vocational training found themselves at a disadvantage. Without the qualifications needed to secure higher-paying jobs, they often felt trapped in low-wage positions, with limited prospects for upward mobility. For these individuals, the city's growth represented a source of frustration rather than opportunity, as they felt unable to participate fully in the benefits of development.

A high school graduate working as a laborer expressed his frustration:

*“I wish I had more education so I could get a better job, but without it, I’m stuck doing the same work. Even though the city is changing, my situation isn’t improving.”*

Another participant, a mother of two who left school early, remarked:

*“It feels like those who went to university are the ones benefiting. For people like me, it’s hard to find a way to improve our lives because the jobs that pay well require qualifications we don’t have.”*

The differences in socio-economic backgrounds also extended to perceptions of government support and inclusivity in the development process. Higher-income participants tended to feel that the government was doing a good job in fostering economic growth and providing the necessary infrastructure for business success. They expressed satisfaction with the investments being made in public services, such as new roads, healthcare facilities, and schools, which they saw as crucial to supporting the city's future development.

A successful entrepreneur praised the government's efforts, stating:

*“The local government has been very supportive of business growth. They’ve created an environment where entrepreneurs like me can thrive, and that’s been key to Palu’s development.”*

Another participant, a professional in the private sector, added:

*“I think the government is making smart choices in terms of infrastructure and investment. It’s making the city more attractive for investors, which is good for everyone.”*

In contrast, lower-income participants were more likely to express dissatisfaction with the government’s role in the development process. Many felt that the benefits of economic growth were not being evenly distributed and that the government was focusing too much on business interests at the expense of ordinary citizens. They felt that there was a lack of support for lower-income individuals and that more should be done to provide affordable housing, job training, and social services for those who were struggling to keep up with the changes.

A construction worker voiced his concerns, saying:

*“The government is focused on helping businesses and building new projects, but what about us? We need help too, and it feels like we’re being forgotten.”*

Another participant, a market vendor, added:

*“I don’t see much being done to help people like me. The government needs to do more to make sure everyone benefits from the city’s growth, not just the rich.”*

This paper sought to understand the people and especially the socio-demographic differences of the economic development of Palu, Central Sulawesi and its implications on people. Thus, the conclusions help to explain the condition in which the economic development brings different effects, which at least offers some ideas for theoretical support and experience of rapid urbanization and modernization. While comparing these findings with the existing literature, this study contributes to the field by trying to figure out how economic development in a mid-sized Indonesian city is fraught with socio-economic differentiation that leads to the growth of socio-economic cleavages.

There is always fanfare about economic development with many theories emphasizing the ability of the economy to raise the standard of living in societies and create employment opportunities (Shadare, 2022). Yet as this study will clearly establish, income growth also has a tendency to produce social disparity and contrasting experience which reflect the socio-economic status of the people. This finding is in line with earlier studies by Wilkinson (2020) that show how the economic growth can widen the social inequalities given structural factors in societies. Although, most of the development literature has been done specifically with concern to big cities, it is useful as this study takes a sample of Palu, a small urban setting to show that even cities that may be relatively connected to the global economy are not impacted in one way (Bibri et al., 2020).

To fill the existing literature void of how middle-income cities experience development the current study has provided evidence that Palu’s economic transformation has been seen as positive by higher income groups, which have access to resource and opportunities but the opposite by the low income groups that enjoy limited access to resource and opportunities. Such conclusions correspond with the works of Bhoi (2022), who pointed out that the process of economic growth positively affects the selected caste of people who are highly qualified and belong to the upper social layer. The participants from the relatively affluent backgrounds of this study saw economic development as a means to an end that is a continuous upward social and economic mobility, which supports other scholars who pointed out that those who have financial and social capital are in a better place to exploit development opportunities (Côté et al., 2021). In contrast, the perverted and skewed consumers’ exclusion from the development activities mimic the scenarios enshrined in Shapiro (2020) how income inequality slows down with no correct policy interferences.

The study results on the social effect of economic development in Palu and how this contributed to social disruption and social inequality add to the existing literature on urbanization and social inclusion. The reviewed literature shows that fast-growing urbanization weakens community ties and does so to a greater extent in the cities that are in the process of modernization (Sakketa, 2022). Respondents of this study especially those from the low income earning bracket were worried about the costs of living and what they termed the increasing ‘disconnect’ from the developmental gains. This accords with Caïs et al. (2021) assertion that social capital is eroding where people are experiencing fast economic transformation.

However, unlike many other studies that detail how gentrification posing threats to traditional communities in large metropolitan areas (Hübscher, 2021), this study offers a somewhat balanced understanding of how economic development affects cities like Palu. Higher-income groups overall had a positive outlook as to the changes, while on the other hand, the absence of traditional values as well as the perceived weakening of the community integration can be seen more prominently among the lower-income people, which identified the socio-economic difference in the perception of community changes due to development. This finding builds on Yunda & Sletto (2020) who, while demonstrating the necessity for cities to achieve both economic development and social integration to prevent social polarization.

As for socio economic inequality it is possible to note that the results of the present research affirm the conclusion made by (Kollamparambil, 2021; Caro, 2022) that economic growth if not accompanied by equalization policies deepens the divide between the have and the have nots. The participants of this study from the lower income bracket often complained about the governments’ inability to manage the increasing cost of living as well as the unemployment experienced especially among those with no university education or specialized skills. This corresponds to secondary literature and solicitude about growth agenda that may not holistically address the needs of the excluded population, to warrant an inclusion agenda (Gao et al., 2022).

The participants’ concerns also raised by Harris (2020) who insisted that development means not only the growth rate but the freedom and capability of people. According to this study, the government’s emphasis on investment in infrastructure in Palu has not been complemented with social welfare investment that would ensure that the vulnerable population of low income earners are taken care of. Even though the literature has established public policy as a central factor in avoiding adverse impacts of development on the society (Head, 2022), this paper advances knowledge of the subject by elucidating how Palu has seen growing discontent among its less prosperous citizens due to the absence of such policies.

In addition, this study fills a theoretical void of literature that targets the experiences of the economic development in the smaller urban areas. There is reason to believe that life in mid-tier global cities, specifically for citizens, has been understudied compared to mega-cities – the focus of most global cities literature (Srinivasakrishnan, 2020) despite important work being done on global cities of medium size such as Palu. In doing so, this paper also demonstrates that the economic development in other smaller urban Palu is not exempt from such controversies and complications due to socio-economic structure and policy governance systems.

Therefore, this study will remove a gap existing in the literature by examining and comparing the way economic development in palu, Central Sulawesi is perceived by different socio-economic groups. Though prior work has paid much attention to the general impact of urban economic development for the whole country, and especially for the Global Cities, the current work contributes to the understanding of how the

concept manifests in smaller urban settings. It notes that, if growth is not inclusive, it may increase inequalities and social tensions existent in an economy proving observations of the perception of the richer residents from Palu and the poorer residents of the country.

This paper therefore stresses on socio-economic status as a factor that predetermines people's attitudes towards as well as opportunities in the process of development. It also raises the question of spatial redistribution policies that would help to achieve more fair distribution of positively affected by the growth regions such as Palu. Through applying the described approach and exploring the empirical data of a mid-sized city, the study expands the existing knowledge of the social effects of economic development beyond giant urban centers and contributes to the identification of trends that might be characteristic of mid-sized cities more broadly.

## CONCLUSION

Broken down by socio economic scale this study has revealed that economic development in Palu, Central Sulawesi is perceived differently and with many nuances. The perceived positive change was more evident among higher income groups while LOV was more apparent among lower income groups. The results extend research by showing that while economic growth can occur, it can also exacerbate inequalities and cause negative feelings in excluded populations. Therefore, the study calls for better approaches that address balance of development and more especially in the distribution of the development facets in mid-size urban center like Palu.

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