

Macroeconomic Policy Directions in West Sulawesi

Sri Utami Permata

Department of Management, University of West Sulawesi, Majene

Correspondent Email: Sriutamipermata@unsulbar.ac.id

ABSTRACT

This study was a qualitative descriptive study, which focused on the analysis of West Sulawesi's macroeconomic policy directions. The data used in this study were the latest data published from the Regional Development Planning Agency of West Sulawesi Province and the Central Bureau of Statistics of West Sulawesi Province in 2022. The results of this study indicated that the direction of regional economic policies was focused on strengthening supply chains and strengthening agricultural, forestry and fisheries business institutions. Furthermore, the tourism sector was also highly considered in improving the regional economy of West Sulawesi, considering that the area has tourism potential that can compete with other provinces. Moreover, policies in the development of superior and cultured human beings were implemented with equal access and quality of education. In addition, the quality of educators and education staff, and the management of education management also need to be prioritized. The health sector also needs to be regulated to increase access and quality of health services.

Keywords: Policy Direction, Macroeconomics, West Sulawesi Province

INTRODUCTION

Economic growth in each region is less likely to be achieved if it only depends on the factors of production. There is a region that was found to have lower economic growth than the achievement of its economic growth potential, namely West Sulawesi. Economic growth has been known as a long-term macroeconomic problem. Economic growth may be regarded as the development of goods and services in an area such as the development and addition of production goods, infrastructure and increased production in various sectors (Sukirno, 2011). One of the indicators inhibiting economic growth is poverty.

Economic growth and poverty are considered the main indicators in identifying the success of a region. Each region is responsible for increasing economic growth and reducing poverty. The poverty rate of a region can be reduced by increasing its economic growth. However, many problems are likely to be faced by a region when suppressing the poverty rate, which is due to the increasing number of people below the poverty line (Jonaidi, 2012). This is the same as the case found in West Sulawesi, which is experiencing low economic growth and has a high poverty rate.

Table 1. West Sulawesi Poverty and Inequality in 2022

No.	Indicator	Total
1	Total Poverty Line	350,743.00
2	Poverty Severity Index	0.49
3	Poverty Depth Index	1.89
4	Percentage of Poor Population	10.87
5	Number of Poor Population	152.02
6	Gini Ratio	0.364

Source: (Central Bureau of Statistics, 2022)

Based on the table above, it is known that poverty in West Sulawesi was still relatively high. Therefore, the government should be capable of reducing the poverty rate by encouraging increased economic growth. In addition to these problems, there were also problems with the quality of human resources. The quality of human resources can be measured by the Human Development Index (hereinafter referred to as HDI). The HDI concept developed after per capita income was considered as an indicator of socio-economic development, because economic and non-economic experts found that per capita income was not an accurate measure of socio-economic development. Therefore, the term Human Development Index (HDI) emerged, which until now has been widely used in various countries (Setiawan, 2013).

The Human Development Index or abbreviated HDI is a composite index calculated as the average of the Life Expectancy Index, Education Index and Decent Standard of Living Index contained in Purchasing Power Parity. Since regional autonomy, each region is expected to be aware of its own regional HDI measure, both for planning purposes and for evaluation, specifically in knowing the development and distribution of development results in the human sector (Yektiningsih, 2018). The regional government, as the executor of development in the region, certainly requires a high-quality HDI to be used in its work (Prameswari A. d., 2021). Based on the above concept, the development of HDI in West Sulawesi can be shown as in the table below:

Table 2. West Sulawesi Human Development Index in 2019-2021

Regency	Human Development Index		
	2019	2020	2021
Majene	66.59	66.91	67.29
Mamasa	65.32	66.02	66.63
Mamuju	67.72	68.15	68.32
Central Mamuju	65.10	65.71	66.18
Pasangkayu	76.27	67.79	68.03
Polewali Mandar	63.74	63.84	64.23
West Sulawesi	65.73	66.11	66.36

Source: (Central Bureau of Statistics, 2022)

The table above shows the development of the Human Development Index in West Sulawesi during 2019-2021. During these 3 years, there was an increase in the HDI, which indicates that the Province of West Sulawesi had shown positive developments in terms of education, health and a decent quality of life. This increase would be better if it was followed by economic growth and a decrease in the poverty rate, because the prosperity of the people of West Sulawesi Province would also show an increase.

Responding to the various problems encountered above, the West Sulawesi provincial government should be able to determine the direction of its macroeconomic policies. Therefore, this study was conducted with the aim of analyzing the direction of West Sulawesi's macroeconomic policies. This study focused on policies that have been planned until 2026.

LITERATURE REVIEW

Economic Growth

Economic growth is known to be an effort to increase production capacity in achieving total output by measuring the Gross Regional Domestic Product (GRDP) and Gross Domestic Product (GDP) (Adisasmita, 2013). Economic growth is also regarded as a procedure for increasing long-term per capita output. Thus, an economic growth is interpreted as a process, not a momentary depiction (Boediono, 1999).

Economic growth is interpreted as a process of improving the state of the country's economy on a continuous basis based on a certain time. The main components in economic growth consist of (1) technological advances in preparing a variety of goods for the population, (2) continuous supply of goods, and (3) the extent and efficiency of the use of technology that is in accordance with the fields and the appropriate use of science and technology (Hasyim, 2016).

Poverty

Theoretically, poverty is defined as the inability of a person to meet minimum basic needs. Meanwhile, it is operationally defined as a person's inability to meet their needs for food, shelter, and medical treatment, lack of access to school and inability to read, conditions without work and worries about life in the future, poor sanitation, and lack of power and freedom in politics. Furthermore, the term poverty in Indonesia is defined by the Central Bureau of Statistics (BPS) as the inability to meet basic needs, both basic food needs (2100 kcal/capita/day) and non-food basic needs (Astuti, 2021).

Poverty is respected as an economic inability to meet basic food and non-food needs as measured by expenditure (Zuhdiyaty, 2017). Poverty is a problem faced by all countries. Economic growth is considered as an indicator in overcoming the problem of poverty, and is a concept of economic development (Atalay, 2015).

Human Development Index (HDI)

Human Development Index (HDI) is perceived as an index of measuring human development achievements based on a number of basic components of quality of life that may affect a person's level of productivity (Nurkhasanah, 2019). The Human Development Index (HDI) measures human development achievements based on a number of basic

quality of life components. As a measure of quality of life, HDI is developed through a basic three-dimensional approach. These dimensions include a long and healthy life, knowledge, and a decent life. These three dimensions have a very broad meaning, because they are related to many factors. Health dimensions can be measured using life expectancy at birth. Furthermore, to measure the dimensions of knowledge, a combination of literacy rate indicators and the average length of schooling is used. As for measuring the dimensions of decent living, indicators of the purchasing power of the community are used for a number of basic needs as seen from the average per capita expenditure as an income approach that represents development achievements for a decent life (Plindangan, 2021).

METHOD

This study was a qualitative descriptive study, which focused on the analysis of West Sulawesi's macroeconomic policy directions. The data used in this study were the latest data published from the Regional Development Planning Agency of West Sulawesi Province and the Central Bureau of Statistics of West Sulawesi Province in 2022.

FINDING AND DISCUSSION

Increasing Regional Economic Independence

Regional development in Indonesia is becoming increasingly rapid along with the implementation of regional autonomy and fiscal decentralization. One of the economic policies of West Sulawesi Province aims to increase regional economic independence. The 3 components of the regional economic independence policy for the Province of Sulawesi Utara are focused on (1) increasing production, productivity and added value of leading sectors, (2) increasing employment opportunities and the investment climate, and (3) developing tourism and a competitive creative economy. Referring to point 1 above, it can be seen that the leading sector is focused on the agricultural sector and digitalization-based MSME development.

Table 3. Leading Sector of West Sulawesi Province

No.	Leading Sector	Amount (Rupiah)
1	Agriculture, Forestry, and Fisheries	21,978,166.50
2	Processing Industry	5,394,757.35
3	Mining and Excavation	1,112,491.95
4	Procurement of Electricity and Gas	18,820.93
5	Construction	3,889,804.66
6	Education services	2,303,436.47
7	Real Estate	1,237,194.480
8	Financial Services	1,189,982.66
9	Health services	917,680.86

Source: (Central Bureau of Statistics, 2022)

Referring to table 3, it is known that the leading sectors in the Agriculture, Forestry, and Fisheries sectors managed to reach IDR 21,978,166.50. Thus, the local government of

West Sulawesi should be capable of increasing agricultural intensity and strengthening counseling and assistance. On the other hand, it is necessary to strengthen supply chains and strengthen agricultural, forestry, and fisheries business institutions. Furthermore, the tourism sector is also considered as an important factor in improving the regional economy of West Sulawesi, considering that the area has tourism potential that can compete with other provinces.

Developing tourism as an effort to develop economic growth in West Sulawesi Province highly requires the development of tourism destinations through amenities, accessibility and attractions. The West Sulawesi government, in this matter, needs to develop tourism promotion and marketing activities. Tourism activities are related to the development of the creative economy sector in strategic places. Therefore, it is necessary to strengthen the creative economy ecosystem such as regulation, infrastructure, and investment.

Enhancement of Superior and Cultured Human Development

The progress and development of a region is always associated with the element of human resources. Human resources have a strategic role in building the character of good governance. Therefore, further policies are needed in efforts to establish a macro economy, especially in terms of superior and cultured human resources in West Sulawesi: (1) increasing access and quality of education, and (2) increasing accessibility to health.

Table 4. Literacy Rate for Population Aged 15 and Over

Regency	Year		
	2018	2019	2020
Majene	94.07	95.20	95.85
Mamasa	90.39	90.98	91.16
Mamuju	94.66	94.21	92.66
Central Mamuju	93.15	94.65	93.13
Pasangkayu	95.60	96.46	95.13
Polewali Mandar	93.58	93.84	94.68
West Sulawesi	92.85	93.59	93.17

Source: (Central Bureau of Statistics, 2022)

Referring to the table above, the literacy rate in various Regencies in West Sulawesi Province during 2018-2020 had fluctuated. This condition requires equal distribution of access and quality of education. In addition, the quality of educators and education staff must be considered, and education management should be prioritized. In addition to access to education, the health sector also needs to be addressed, because a healthy soul will form superior quality human resources. Policies in the health sector can be prioritized on increasing access and quality of health services. Health HR capacity can be increased for the prevention and control of disease. Thus, Health and Education are perceived to be determinants of enhancing superior and cultured human development.

CONCLUSION

The macroeconomic framework of a region provides an overview of the condition of the region such as economic growth and other indicators. By ensuring the sustainability of macroeconomic policies, the government in West Sulawesi Province seeks to increase regional economic independence and increase superior and cultured human development. The direction of regional economic policies is focused on strengthening supply chains and strengthening agricultural, forestry and fisheries business institutions. Furthermore, the tourism sector is also highly considered in improving the regional economy of West Sulawesi, considering that the area has tourism potential that can compete with other provinces. Moreover, policies in the development of superior and cultured human beings are implemented with equal access and quality of education. In addition, the quality of educators and education staff, and the management of education management also need to be prioritized. The health sector also needs to be regulated to increase access and quality of health services.

REFERENCES

- Adisasmita, R. (2013). *Teori-Teori Pembangunan Ekonomi, Pertumbuhan Ekonomi dan Pertumbuhan Wilayah*. Yogyakarta: Graha Ilmu.
- Astuti, D. (2021). Analisis Faktor yang Mempengaruhi Kemiskinan di Jawa Timur (Pendekatan Spasial). *Jurnal Ilmiah Mahasiswa FEB Universitas Brawijaya*, Vol. 9, No. 1.
- Atalay, R. (2015). Science Direct Theeducation and the human capital to get ridof the middle-income trap and to providethe economic development. *Procedia -Social and Behavioral Sciences*, 969–976
- Boediono. (1999). *Seri Sinopsis Pengantar Ilmu Ekonomi No. 4, Teori Pertumbuhan Ekonomi*. Yogyakarta: BPFE
- BPS. (2022). *Provinsi Sulawesi Barat Dalam Angka 2022*. Sulawesi Barat: Badan Pusat Statistika.
- Hasyim, A. I. (2016). *Ekonomi Makro*. Jakarta: Kencana-
- Jonaidi, A. (2012). Analisis Pertumbuhan Ekonomi dan Kemiskinan di Indonesia. *Jurnal Kajian Ekonomi*, Volume 1, Nomor 1.
- Nurkhasanah, M. d. (2019). pengaruh Indeks Pembangunan Manusia Terhadap Tingkat Pengangguran di Provinsi Banten. *Jurnal Ilmu Ekonomi*, Vol. 9.
- Plindangan, J. (2021). Analisis Pegaaruh Tingkat Pertumbuhan Ekonomi dan Indeks Pembangunan Manusia (IPM) Terhadap Tingkat Pengangguran diKabupaten Mimika. *Jurnal Kritis*, Volume 5, Nomor 1.

- Prameswari, A. d. (2021). Analisis Pengaruh Kemiskinan, Indeks Pembangunan Manusia (IPM) dan Tenaga Kerja terhadap Pertumbuhan Ekonomi di Jawa Timur. *Jurnal Ekonomi Pembangunan*, Vol. 7, No. 2.
- Setiawan, M. B. (2013). Indeks Pembangunan Manusia di Indonesia. *Jurnal Ekonomika*, Volume 9, Nomor 1.
- Sukirno, S. (2011). *Makro Ekonomi: Teori Pengantar*. Jakarta: Rajawali Press.
- Yektiningsih, E. (2018). Analisis Indeks Pembangunan Manusia (IPM) Kabupaten Pacitan Tahun 2018. *Journal Uwks* , Vol.18, No. 2.
- Zuhdiyaty, N. (2017). Analisis Faktor-Faktor Yang Mempengaruhi Kemiskinan di Indonesia Selama Lima Tahun Terakhir (Studi Kasus Pada 33 Provinsi). *JIBEKA*, Volume 11, Nomor 2.