

## **Public Welfare Enhancement Strategy Through Quality Economic Growth In South East Sulawesi Province**

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**Abstract:** *This research was conducted in Southeast Sulawesi which aims to test and analyze: (1) Role industry, the role of investment, quality of human resources and the realization of the regional budget to the quality of economic growth in Southeast Sulawesi. (2) The effect of quality of economic growth on improving people's prosperity in Southeast Sulawesi Province. (3) To find out, to examine and analyze the implementation of strategies to improve people's welfare with economic growth quality in Southeast Sulawesi Province. The design of this research is quantitative descriptive research. This research was conducted in Southeast Sulawesi Province by taking samples six areas of the districts and two cities Buton, Muna, Konawe, Kolaka, South Konawe, North Kolaka, Kendari and Bau-Bau. Data collection used secondary data from the Office of the Governor of Southeast Sulawesi Province at the Bureau of People's Welfare, Regency / Municipal BPS, BPS of Southeast Sulawesi Province, BAPPEDA of Southeast Sulawesi Province on Monitoring and Evaluation and Bank Indonesia Representative of Southeast Sulawesi Province. The analysis used is panel data using Eviews ver 7.2 program. Result of research indicate that: (1) investment role, industrial role, human resource quality and realization of local budget have positive and significant influence to quality of economic growth in Southeast Sulawesi Province. This means any change in the increasing role of industry, the role of investment, the quality of human resources and the realization of local budget can improve the quality of economic growth in Southeast Sulawesi Province. (2) The quality of economic growth has a positive and significant impact on the welfare of the people in Southeast Sulawesi Province. This means any change in the quality improvement of economic growth can improve people's welfare in Southeast Sulawesi Province. (3) Strategy to improve people's welfare can be done by improving the quality of economic growth in Southeast Sulawesi Province.*

**Keywords** - *Strategy, quality of growth, prosperity*

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### **I. Introduction**

Development is basically aimed at improving the living standards and welfare of the people. So k eterlibatan government with any form of control policies should be able to improve the lives and welfare of JM Keynes in (Mankiw N. Gregor: 200 8). Furthermore Todaro (2003), argued that the welfare of society can be perceived at community level marked by poverty, better health, higher education level, and community productivity levels.

Nevertheless, the basic phenomena occurring during this time it appears that, at first the construction carried out in a country developed or developing aera h new regions such as Southeast Sulawesi province are focused on the achievement of economic growth at constant prices (ADH) in 2010 amounted to 9.01 percent of 2010 through 2014 above the national average. But the high economic growth causes the inequality of income distribution as measured from the value of the gini index ratio of 0.41 which is still in fairly distributed category as well terjadiya inequality of development among regions autonomous districts / cities in Southeast Sulawesi and is unable to provide the level of overall well-being for the citizens in general that is visible from the acquisition value Indeks Human Development (HDI) den g a n average value only by 71, 18 still in the order of 25 among the 33 Provinces in Indonesia (BPS Sultra 2015).

Therefore, the government's policy development strategy is needed by encouraging the growth of quality economy. Reduce development imbalances, efficiency of various activities of economic activity, strengthen stability and solidarity for social justice in economic development can be achieved (Todaro, 2003). Besides, p The government must formulate development policy implications in every area is done so that imbalances between regions Pembana gunan can be more evenly distributed implementation (Sjafrizal, 2008). So that p roses pembana gunan economy should be carried out continuously in an effort to improve the welfare of the community justly and equitably (Cooke Martin, *et a l l.*, 2007). This is consistent with research acyl h (Marinela, 2012); (Kuznetsova V. Natalia and Vorobeva A, Natalia,

2015) which concludes that economic developments can be investigated from a variety of key factors by analyzing various indicators of complex economic development. Economic growth occurs if in a long period of time *output* per capita has an increasing tendency, although it could be in any given year per capita *output* decreased (Boediono, 1999).

Based on (UNDP Report, 2006) states that the quality of economic growth can be realized if economic development can provide high economic growth and tend to increase from year. According to (Prasetyo Eko, 2008) growth quality economic is growth that creates equal distribution of income, poverty and open up vast employment opportunities, improvement of high economic growth accompanied by the distribution of income is evenly distributed so as to equalize the results of economic development in all regions in a fair and able to reduce the level of poverty of its inhabitants. So the individual welfare of the community and able to show the achievement of its success (Monfort Mlachila *et al.* 2014).

Bahwasannya to see the quality of economic growth of a country or region can be studied with some indicators of (Simon Kuznets, 1955) (Sudantoko H. Djoko, 2009), Jeffrey G. Williamson, *World Bank* (2004, 2007) (Sukirno, 2013) among others: Growth in GDP / GRDP, Distribution Pendapatan, Inter-Regional Inequality, Poverty Alleviation and Employment Expansion.

Advantages industri sector are among others to contribute to employment and can create value added (*value added*) higher on a variety of commodities produced of the economic development of the country moving forward (Sukirno, 2001). Strengthening the *capital stock* and an increase in the productivity of natural neo-classical theory put forward to build a country's economic performance is required the accumulation of capital (Kuncoro, 2000).

Education as human resource investment can improve technological progress which can ultimately lead to an increase in population productivity (Deolalikar, 1997: 13). According to Samuelson and Nordhaus (1996) that there are four factors as sources economic growth. These factors are (1) human resources, (2) natural resources, (3) capital formation, and (4) technology. In this case expenditure government capital with aggregate demand or *aggregate demand* (AD) in the form of Revenue and Expenditure Budget (APBD).

Gross National Product (GNP) is compared with the number of residents in a certain period of time as a reflection of the level of welfare of a country's people. (Sukirno, 2010). According to (Hasbullah Jousairi, 2012) mention that the Human Development Index (HDI) is the indicator important to measure success in the effort to build a quality of life / community / population. HDI itself explains the ability of the population to enjoy pendapatan, health and education (UNDP, 2004).

According to (Sudantoko H. Djoko, 2009) states that ideally the normative process of development steps that can create improvement of fate and prosperity for the people. Bappenas (2014) The Directorate for the Protection and Welfare of the Community has the duty of undertaking the preparation of policy formulation, coordination, synchronization of the preparation and evaluation of national development planning in the field of protection and welfare of the community, and monitoring and assessment of its implementation.

Previous research which is also used as a reference in this study comes from several empirical research studies as follows: (Marinela Geamanu, 2012). With the title of research " *Reference Models Of Endogeneous Economic Growth*". Moses Josep Shawa and Yao Shen, 2013. With the title of research " *Causality Relationship between Forent Direct Investment, GDP Growth and Export for Tanzania*". In his research results stated that foreign capital investment activities (FDI) and export activities affect the growth of Gross Domestic Democracy (GDP). Cooke Martin, *et al.* 2007. Under the title " *Indigenous well-being in four countries: An application of the UNDP's Human Development Index to Indigenous Peoples in Australia, Canada, New Zealand, and the United States*". In the study, the value of Indigenous Peoples' *Human Development Index* (IPM) in four countries increased due to the decreasing income gap between indigenous peoples and other citizens. Kuznetsova V. Natalia and Vorobeva A. Natalia, 2015). In his research mentioned that the need for strategy momentum and how to set policy methods in support of economic growth through the development of special models using various instruments to examine the various dynamics of different economies.

In connection with the above, the formulation of this research is focused on the following issues:

1. What is the role of industry, the role of investment, the quality of human resources and the amount of money between regions have a significant effect on the quality of economic growth in Southeast Sulawesi Province.
2. Does the quality of economic growth significantly affect the improvement of people's welfare in Southeast Sulawesi Province.
3. How is the strategy of improving people's prosperity with economic growth quality in Southeast Sulawesi Province.

This research has a priority on the strategy of improving the welfare of the people in the regencies / cities in the region of Southeast Sulawesi Province, through the quality of economic growth. Improvement in the quality of economic growth in terms of GDP growth indicators, income distribution, inequality between

regions and expansion of employment and the alleviation of the poorto an. While the level of community welfare in terms of indicators of human development index (HDI) / *Human Development Index* .

## II. Methodology

This research will be conducted in Southeast Sulawesi Province. In this study, researchers limited to the six (6) the districts and (2) two ota k alone. The regencies are Buton, Muna, Konawe, Kolaka, South Konawe and North Kolaka, while the other two cities are Kendari City and Bau-Bau City respectively.

### Research design

The research was conducted in the Southeast Sulawesi Province to establish a new government policy strategy to help develop the model of economic development in order to achieve community welfare in accordance with established government goals and targets.

### Source and Data Types

- Sources and types of data used in this study are secondary data taken in each district / city in Prov. Southeast Sulawesi .
- The type of data used in this study is qualitative and quantitative data.

### Data Analysis and Analysis Tool

For the effective achievement of research objectives in accordance with the analysis of research that is descriptive quantitative and qualitative , then performed data analysis as follows:

#### 1. Data Analysis Factors Affecting the Quality of Economic Growth

- Analysis for the role of i ndustri is used secondary sector contribution data consisting of processing industry, electricity, gas and water as well as construction at PDRB according to field of business based on constant price .
- Analysis for the role of investment is used data Formation of AI Gross Domestic Fixed (PMTDB) .
- Analysis for the role of the quality of human resources is used statistical data labor force age 15 years working according tingka higher education .
- Analysis for local budget is used data Realization of Regional Budget ( RA BD) .

#### 2 . Data Analysis of indicators of Quality of Economic Growth

To know the quality of economic growth measured by using the GDP growth rate indicator based on the gini ratio index, the value of *Williamson Index* , the percentage of the poor and the open unemployment rate of districts in Southeast Sulawesi Province.

#### 3 . Data Analysis for Community Welfare Assessment

To find out the level of community welfare in Southeast Sulawesi Province in each district / city, data from per capita income of Human Development Index (HDI) / *Human Development Index* of each district / city in Southeast Sulawesi Province is used .

#### 4 . Data Analysis Tools For Welfare Improvement Strategies

Data analysis tool used to do study to some research variable by using approach of econometric statistic model which adapted to research model then analyzed and described .

#### 5. E konometric approach ka with *panel data regression*

The general equation regression models (*Multiple regresion model*) formulated by McClave, Benson and Sincich (2005: 768), Agus Widarjono (2013: 356), which uses linear regression for panel data with methods (*fixed effects models*).

## III. Result and Discussion

### Regression of Panel Data of Industry Role, Role of Investment, Quality of Human Resources and Amount of Inter-Area Money on Quality of Economic Growth

Regression for panel data in this analysis between *time series* data from 2006 to 2015 and *cross section* data covering 8 kabupeten / city in Southeast Sulawesi Province. Using data from the processing industry, electricity and water sector; Gross Domestic Fixed Capital Formation (PMTDB); highly educated labor force and the realization of the Regional Budget (APBD) on the quality of economic growth with the GDP growth indicator, *the Gini Index Ratio*, *Williamson index*, percentage of poor population and percentage of open unemployment rate .

In this model, there are three methods that can be used to estimate the model is the method of *common effect*, *fixed effect* and *random effect* . The calculation of data processing, the regression equation of panel data influences the role of industry, the role of investment, the quality of human resources and the regional budget on the quality of economic growth as follows:

$$Y_{it} = -1,25549 + -0,000664 X_{1it} + 0,10703 X_{2it} - 0,097397 X_{3it} + 0,478041_{it}$$

The design of hypothesis testing tested in this study is about the presence or absence of significant influence between the variables studied. The hypothesis to be tested in this study is the extent to which the influence of independent variables affect the dependent variable either simultaneously or partially.

Testing simultaneously (F test) is done by proving the first hypothesis stating that the role of investment, industry role, quality of human resources and the amount of money between regions has a significant effect on the quality of economic growth whether accepted or rejected.

The result of data processing shows significant value 0,0000 < from probability value 0,05, so it can be concluded that  $H_1$  **accepted** which means there is significant influence between independent variable simultaneously to dependent variable.

Based on the results of analysis in this study found that the role of investment, industry role, quality of human resources and the amount of money between regions has a significant influence with the positive direction on the quality of economic growth in some districts / cities in Southeast Sulawesi Province. This shows that the role of investment, industry role, quality of human resources and the increasing amount of money between regions, indicates an increase in the quality of economic growth both in each regency / city in Southeast Sulawesi Province. But otherwise if the role of investment, the role of industry, quality of human resources and the amount of money between regions which is declining, indicating a deterioration in the quality of economic growth is getting worse in every regency / city in Southeast Sulawesi Province.

The amount of contribution the role of investment, the role of industry, quality of human resources and the amount of money among the regions of the of the quality of economic growth in some districts / cities in Southeast Sulawesi province, during 2006 to 2015 by looking at the coefficient of determination ( $R^2$ ). The adjusted  $R^2$  is 0.755 ; this means that the contribution of investment role, industry role, quality of human resources and the amount of money between regions on the quality of economic growth is 75.5% while the remaining 24.5% is the influence of other variables not included in this study.

#### Data Panel Regression Effect of Quality of Economic Growth on Community Welfare Level

Regression for panel data in this analysis of the *time series* data from 2006 to 2015 and *cross section* data covering 8 kabup a ten / town in Southeast Sulawesi. By using the data quality of economic growth with the GDP growth indicator, the *Gini Index Ratio*, *Williamson index*, percentage of poor population and percentage of open unemployment rate to society welfare level with indicators of GDP per capita gain and value of Human Development Index (HDI).

Based on the result of parameter estimation of panel data regression model by using method of *common effect*, *fixed effect* and *random effect* as well as test results of data characteristics with *F Test (Chow Test)* and *Hausman Test*. The best model chosen in this research is panel data regression model with *fixed effect* method. From the calculation of data processing, then we get the regression equation panel data influence the quality of economic growth to the quality of welfare level of society in Southeast Sulawesi Province as follows:

$$Y\_KES = 88.8164725091 + 1.41957902967 * X\_KPE + [CX = F]$$

This means that any increase in the quality of economic growth will result in the probability of the level of community welfare at 1.42 assuming another variable remains.

Testing by using partial test (t test) is done to prove hypothesis which states partial quality economic growth has a significant effect on the level of community welfare in the regency / city in Southeast Sulawesi Province, during 2006 to year 2015, whether accepted or rejected. Furthermore, p engujian partially (t test) by comparing an probabi dilakuk litas at a significant level  $\alpha = 0.05$ . Here is the magnitude  $t_{arithmetic}$  and probab ilitasnya for independent variables. Based on these test results using *Eviews* program obtained significance value of 0.000 < of probability value 0.05; so it can be concluded that  $H_1$  accepted. This means that the quality of economic growth has a positive and significant effect of 1.42 on the level of community welfare in some districts / cities in the Province of Sulawesi Tenggara during the period of 2006 until 2015.

The contribution of the quality of economic growth to the level of social welfare in several districts / cities in Southeast Sulawesi province, during 2006 to 2015 by looking at the coefficient of determination ( $R^2$ ). Based on adjusted  $R^2$  is 0,7936 ; this means that contribution quality economic growth towards the level of people's welfare is as big 79.36% while the remaining 20.64 % is the influence of other variables not included in this study.

Based on the results of analysis in this study found that the quality of economic growth has a significant effect with a positive direction on the quality of community welfare levels in some districts / cities in Southeast Sulawesi Province. So these results indicate that quality economic growth is proxied by GDP growth rate, gini ratio index, Williamson index, percentage of poor population decline and unemployment rate toward community welfare level in some regencies / cities in Southeast Sulawesi Province which is proxy with income per capita and Index Human Development (HDI). This shows that improving the quality of economic

growth during the period of 2006 until 2015, able to improve the general welfare of society in Southeast Sulawesi Province .

#### **Community Welfare Improvement Strategies through Improving the Quality of Economic Growth.**

Based on the development policy objectives and direction set by the Provincial Government of Southeast Sulawesi, the main policy strategy that should be done by the government of Southeast Sulawesi Province to improve the welfare of the community based on the results of this study is to improve the quality of economic growth. Strategies to improve the welfare of the people through improving the quality of economic growth in Southeast Sulawesi Province are described in the form of policy formulation as follows:

1. Improving economic structure in an integrated manner according to the role of each sector of the economy.
2. Increase government expenditure allocation in terms of capital expenditure instead of routine expenditure.
3. Improving the quality and quantity of human resources through increased access to higher education gap.
4. Adding Amount of Money between Regions with larger allocation of Regional Revenue and Expenditure Budget.
5. Efforts to increase the rate of quality economic growth

The strategic policies that need to be done based on this research by improving the quality of economic growth in order to improve the welfare of the community are as follows:

- a. Economic growth is equally distributed .
- b. Economic growth with the effort of harmonizing regional development .
- c. Economic growth with efforts to reduce unemployment

#### **IV. Conclusion**

Based on previous studies on strategies to improve people's welfare with quality economic growth in Southeast Sulawesi Province, it can be drawn some conclusions as follows:

1. Peran investment, the role of industry, the quality of human resources and the amount of money between regions has a significant influence with the positive direction on the quality of economic growth in some districts / cities in Southeast Sulawesi Province.
2. The quality of economic growth has a significant influence with the positive direction on the level of community welfare in some districts / cities in Southeast Sulawesi Province. This shows that improving the quality of economic growth during the period of 2006 until 2015, able to improve public welfare in general in Southeast Sulawesi Province .
3. The main policy strategy that should be undertaken by the government of Southeast Sulawesi Province to improve the welfare of the people based on the results of this study is to improve the quality of economic growth.

#### **V. Suggestions**

Based on the results of research and conclusion then can be submitted suggestions as follows:

1. To undertake development activities in Southeast Sulawesi province should pay attention to the contribution of investment role, industry role, quality of human resources and the amount of money between regions in order to improve the quality of economic growth in some districts / cities in Southeast Sulawesi Province.
2. P high economic growth in several districts / cities in Southeast Sulawesi province should be able to improve the welfare of society. This can occur if the quality of economic growth can be directed through efforts to increase the rate of the GDP harbor pertum that can cause society more equitable distribution of income, an increase in the rate of the GDP harbor pertum can cause inter-regional development is more equitable , increasing the growth rate of GRDP that can cause reduced poverty levels and increased GDP growth rate that can cause the expansion of employment as measured by the decrease in the percentage of open unemployment rate to the level of community welfare in some districts / cities in Southeast Sulawesi Province .
3. Provincial Government of Southeast Sulawesi Province in determining the policy of regional development, it is necessary to stipulate the main policy strategy to improve the welfare of society by improving the quality of economic growth in Southeast Sulawesi Province in the form of distribution of income, equitable distribution of region, poor population and expansion of employment.

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