

SNAPSHOT OF THE ECONOMIC DEVELOPMENT EFFECTIVENESS BASED ON GROSS REGIONAL DOMESTIC PRODUCT IN POLEWALI MANDAR DISTRICT, INDONESIA

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***Abstract:** Polewali Mandar has a variety of potential resources should be developed to support the effectiveness of economic development and competitiveness of the regional (local) sustainable manner. This study aimed to analyze and explain snapshot effectiveness of local economic development seen from indicators of Gross Regional Domestic Product (GRDP). The method used is the evaluative survey, analysis techniques Shift Share. The study found that local economic development based GRDP in Polewali Mandar quite effective. The dominant sector basis contributes to the effectiveness of local economic development are: 1) trade, hotels and restaurants; 2) electricity, gas and water; and 3) the agricultural sector. Trend charts the achievements of these three sectors tend to fluctuate and slightly declined, but the overall economic development of the sector in GRDP Polewali Mandar still provide a major contribution to the GRDP of West Sulawesi province. Therefore, as a constructive step and a breakthrough for effective local economic development based on GRDP, as well as lower levels of poverty, local governments need to collaborate with business and industry, as well as the public and the press in implementing management strategies of economic development that combines resource-based approach and market-based approach, in order to optimize the management of the basic sector and various sectors of local economic development as a source of competitive advantage in a sustainable manner in Polewali Mandar.*

***Keywords:** Effectiveness, Economic Development, Gross Domestic Product*

INTRODUCTION

One of the important recommendations of the seminar and discussion on the theme of development is the need to streamline the implementation of economic development as one of the aspects of welfare, ie economic welfare. This is important because there

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are various potential areas (local) which can managed and developed as a source of excellence (comparative or competitive) in a sustainable manner. According to experts, among others, Martani Huseini and Jeffre Sachs (Huseini, 1999) and Hubeis (2005) that globalization and free market filled with competition, complexity, diversity, and the current dynamics, need to be addressed by strengthening the pillars (institutions) of the national economy, such as the Cooperative and Small and Medium Enterprises (KUKM), private and State-Owned Enterprises (SOEs), because the pillars can play an optimal role in economic development in the form of employment, regional development, absorption of technology, export capabilities, and compete. Huseini (1999) stated more forcefully that globalization need to be addressed by developing competency-based creativity and innovation seen from the local resource-based approach and a market-based approach, by implementing the "model SAKA-SAKTI", in Indonesia "Satu Kabupaten Satu Kompetensi Inti" (one district, one core competencies).

Neither approach is resource-based (Hamel and Prahalad, 1994) and integrated into the relevant market based (Michael Porter, 1990, in Harfield, 1998) effort to develop each region by implementing the appropriate business strategy. Even more relevant when the application of the business strategy combined with applying the generic strategies of Porter (1990) is a thorough cost advantage, differentiation, and focus. In certain areas, creative efforts can be done by selecting the resource-based approach if the mapping of local competence indicate product or commodity that can managed as a source of comparative advantage of the region. In addition, relevant resource-based approach is also used when the potential and local competencies demonstrate the distinctiveness that is hard to duplicate by hand or producers from other areas, so it can be a source of competitive advantage to develop the area. Similarly, the market-based approach combined with the application of relevant business strategy will be effective if it is able to create barriers to the (product) others to compete in the same segment.

In this study, "Saka-Sakti" - one district, one core competencies, Professor Martani Huseini (1999) - is the model chosen to develop the base resulting from the shift share analysis (Don, 1992: 14; Nathan, 2014) is done. This model was chosen because in addition in line with government policy to empower economic actors, is also regarded as a reflection at the same time the development of the concept of One Village, One Product Movement (Japan) and a frame best practices concept of zoning commodities, as one of the three Tri Conception of Economic Development Strategy in South Sulawesi, in addition to the concept of change of mindset, and concepts (acronym) "PELAJU", in Indonesia "Petik-Olah-Jual" or Pick, Process, Sell (Amiruddin, 1987).

The concept of core competencies, which by Professor Martani shortened to Saka Sakti, can be understood in a language that "saka" means pole or stake, while "sakti" is efficacy, strength, or science mainstay. Thus, the model pillars is expected to explore the magic potency or strength mainstay owned by Polewali Mandar to build core competencies in order to compete in the market regionally, nationally, and internationally. The strength of the concept of core competence lies in 'strategic routing'

to build a competitive economic landscape. In other words, the power base of core competencies or sector is an indicator of the effectiveness of economic development based on regional GDP studied.

When examined various problems of economic development faced by each region then it can be classified into fields and sectors of activity, as indicators of the Gross Domestic Product (GDP). Gross Regional Domestic Product (GRDP) is a way to calculate economic growth in a district or city, while the size of the State used the Gross Domestic Product (GDP). According Fitriani and colleagues (2013: 109) that GDP is the total value added generated by all business units within a region. Meanwhile, according to the Central Bureau of Statistics / BPS (2012: 2) that the whole GDP is gross additional value and services (commodities) that are produced by sectors of the economy in a domestic area / region in a given period without regard to the ownership of the factors of production. Based on the opinion it is stated that the GDP is the entire value of the results of operations that are in a certain area in a certain period.

GDP analysis result is a series of indicators that show the rate of growth and economic development of a region. In the GDP indicator is in addition shown various fields and sectors of economic development, also pointed out the achievements of results (effectiveness) economic development as the basis of improving the competitiveness of areas and sectors of economic development activities in Polewali Mandar.

RESEARCH METHODS

The method used is the evaluative survey to analyze and explain the achievements of economic development in Polewali Mandar West Sulawesi. The numeric data obtained directly from various official sources, ie from the Regional Development Planning Board (Bappeda), the Central Bureau of Statistics (BPS), and from documents provided by the informant / respondent (individuals representing the regional work units), including data and information obtained from publications or research reports from departments / agencies, as well as from other sources were official and reliable. The analysis technique used is the Shift Share. One analytical technique that is also used to identify the basic sector in each region is the technique of Location Quotient which includes three types of analysis, the measurement value: 1) Localization Quotient (LQ), 2) Localization Index (LI), and 3) Specialization Index (SI). (Don, 1992: 14; Nathan, 2014; See the research report Akib *et al.*, 2009).

RESULTS AND DISCUSSION

Government efforts to streamline economic development and improve the well-being of a country is not an easy job, because Welfare services has many aspects that show the interrelationship between each other. Likewise, each State in providing welfare to the people in need of a strategy that is able to develop and utilize the potential of

available resources. As with Polewali Mandar, as the area is located in the province of West Sulawesi, in creating a prosperous society, then not only see the dimensions of well-being of the economic aspects alone, but also look at the socio-cultural and other aspects as factors of equal importance, including order and security aspects as a form of stability and a precondition for the effective implementation of the multi-dimensional development. Polewali Mandar as a result of the expansion area, in addition to facing the challenge to the welfare of their peoples, the initial challenge for the public welfare is to prepare the necessary precondition for the economic development of the autonomous regions effective.

Economic development is essentially aimed at improving the welfare of society, then in order to improve the welfare of society will require increased economic growth and more equitable income distribution (Barika, 2012: 1). Meanwhile, according to Sukirno (1998: 413) that economic growth is an economic problem in the long term and is an important phenomenon that is experienced by the world. Therefore, each country vying to improve the performance of its development on the basis of economic growth and stability are quite high.

As well as slowing world economic growth, resulting in the decline in the prices of some commodities in Indonesia, then in addition to the conditions to minimize the presence of new opportunities, also will eventually have an impact on the national economic slowdown and the region. However, according to the World Bank report (2014), that the estimated growth tapers can be reversed if the investment goes beyond expectations in the year thereafter. Similarly, the possibilities that can occur in areas in Indonesia, including in Polewali Mandar West Sulawesi province, where to know clearly the development of the region can be seen in the economic growth shown in chart 1.

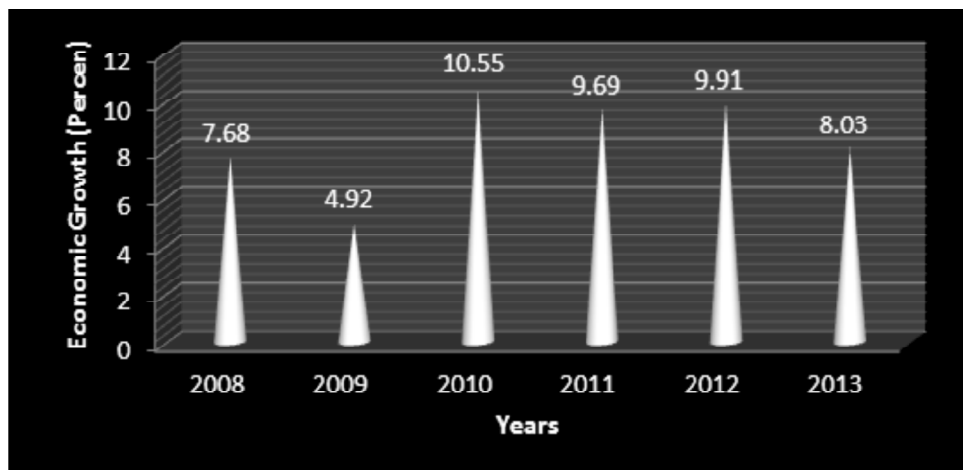


Chart 1. Economic Growth Polewali Mandar, Year 2008 – 2013

Data Source: BPS, Polewali Mandar in Figures, 2014.

Based on data in chart 1, it appears that economic growth in Polewali Mandar generally exhibit relatively fast growth, although growth in every year experiencing fluctuating conditions. For example, the year 2009 saw economic growth has decreased quite dramatically, because of the previous year has reached 7.68 percent, but in 2009 only reached 4.92. While next year is growing quite dramatically, reaching 10.55 percent. Although in 2011-2013 has decreased but the decline rate of economic growth is not significant.

Meanwhile, in order to determine the level of economic growth and stability of governance and development Polewali Mandar area can be seen from the Gross Regional Domestic Product (GRDP) achieved during this. Analysis of economic growth was based on the results of the analysis Local Quotien (LQ) to the GRDP, as well as analytical techniques other support that is Localization Quotient, Localization Index, and Specialization Index, as shown in Table 1 (see examples in the Research Reports Local Development Performance Evaluation Polewali Mandar, 2015; the research report Akib *et al.*, 2009).

Table 1
Determination of Base Sector Analysis Using LQ in Polewali Mandar Based
Data PRDB Year 2009-2013

<i>Sector of Activities</i>	2009	2010	2011	2012	2013
1. Agriculture	1,01	1,02	1,01	1,02	0,95
2. Mining and Quarriying	0,30	0,32	0,35	0,34	0,31
3. Industrial and Processing	0,30	0,28	0,30	0,30	0,31
4. Electricity, gas and water supply	1,15	1,06	1,44	1,42	1,41
5. Building	0,53	0,58	0,59	0,58	0,54
6. Trade, Hotels and Restaurants	1,87	1,77	1,83	1,89	1,76
7. Transportation	0,95	0,86	0,86	0,86	0,81
8. Finance, Real estate and Business Services	0,88	0,98	0,97	0,95	8,92
9. Services	0,97	1,00	0,93	0,86	0,82

Source: Data Analysis, 2015
x = LQ > 1 Sector

Based on the analysis of data in Table 1, it is understood that the development and economic growth Polewali Mandar comes from the agricultural sector; electricity, gas and water supply; and trade, hotels and restaurants, as well as finance. Of the three indicators (sector) is understandable that every aspect has increased fluctuated until 2013, but specifically the agricultural sector is no longer a sector basis in 2013. While the trade, hotels and restaurants increased by fluctuating. The sector is a sector that has the highest contribution among other sectors. When compared with other districts in West Sulawesi, the GDP Polewali Mandar which reached Rp 4:48 billion was accounted for approximately 30.77 percent of the GDP formation of West Sulawesi province. While the first position is Mamuju, with a percentage of 31.00 percent, or differing by less than half a percent of the Polewali Mandar, as the second. Furthermore,

in a row after Polewali Mandar is North Mamuju, Majene and Mamasa. For more details, can be seen in chart 2.

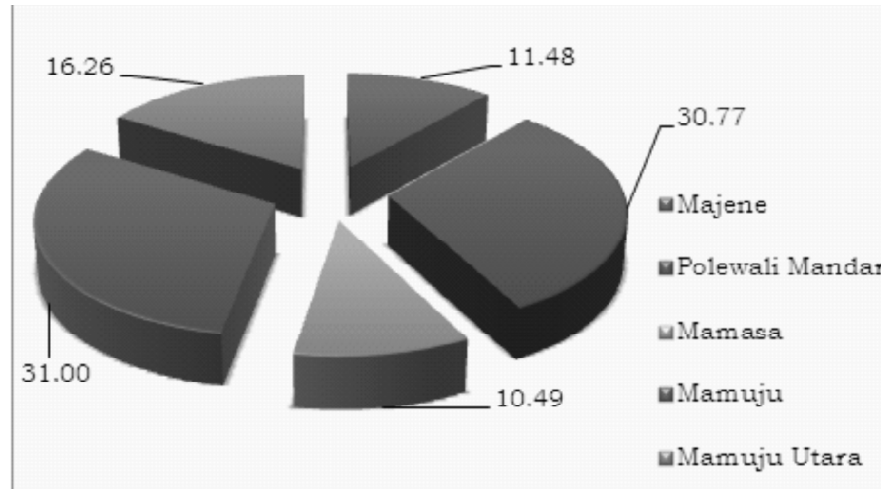


Chart 2: GDP contribution of each district in West Sulawesi province GDP

Data Source: BPS, West Sulawesi Province in Figures, 2013.

Governance, development, empowerment, and public service is the main activity for each country or region attempts welfare of its people. Similarly in Polewali Mandar in developing regions, the development are conducted in various fields, especially in the economic field. Polewali Mandar has the main objective of development embodied in the Medium Term Development Plan (RPJMD) in 2014-2019. The Development that have been implemented can be seen from the last five years, ie 2009 to 2013 showed that local development has grown quite well. This can be seen in the Central Bureau of Statistics (BPS) Polewali Mandar in 2014 which suggests that in 2010 economic growth reached 10.55 percent growth. Although later, ie in 2011 until 2013 decline was not significant.

Based on the economic growth data and look at the data of GRDP is achieved, it can be explained that the economic growth Polewali Mandar increased, ranging from 2009 to 2013. Growth in question is one of them in the agricultural sector as the primary economic activity sector. The agricultural sector in Polewali Mandar is a priority sector (base) and make the district a district that most contributed to GRDP in the province of West Sulawesi. Furthermore, sectors and other economic development, in addition to the agricultural sector which shows the base and prospective sector is developed in a sustainable manner in Polewali Mandar are sectors: 1) trade, hotels and restaurants; 2) finance, leasing and business services; and 3) services, although these sectors are still fluctuating and has a slightly decreased, to report the results of this research are made.

There are some basic sector in GRDP indicator Polewali Mandar, namely the trade, hotels and restaurants, and electricity, gas and water supply. While the agricultural sector in 2013 is no longer included as a sector basis, the same as other sectors which have not included the basic sectors. When examined further in relation to the categorization of the economic development sector, then look for strengthening the secondary sector and the tertiary sector as a basic sector (priority) which is feasible to be developed in a sustainable manner, while the agricultural sector is quite be the second choice for the sector is developed. This supports the view of experts and the results of previous research (Sukirno, 1998; Akib, *et al.*, 2009; Midgley and Livermore, 2000; Miniarta 2009; Barika, 2012; Fitriani *et al.*, 2013) that one of the characteristics of areas experiencing growth significant economic sectors are the strengthening of secondary and tertiary exceeds the primary sector as a basis for development. Similarly, emerging regions tend to shift occupation (livelihood or employment) community, who previously worked in the first or primary sectors, then move work to the services sector or the secondary and tertiary sectors.

In reality, there is a fluctuation and strengthening sector community activities beyond the economic sector basis that can improve the lives and welfare of the community in Polewali Mandar, but at the same time the activity of the people some still engaged in agriculture or primary sector, with enough income to meet their needs. This, according to our analysis (writer), became one of the factors that put Polewali Mandar as an area that has a relatively high rate of poverty and decreased the amount of poverty rather slow from year to year. Decrease only lasts from 21.80 percent in 2008 to 19.30 percent in 2012, making Polewali Mandar as a region with the highest poverty rates in the province of West Sulawesi.

In absolute terms, the number of poor in Polewali Mandar reached 79.1 thousand people in 2012, down from 84.3 thousand in 2010. The District of Balanipa, Limboro, Tinambung, and Campalagian an area of concentration of poor people in Polewali Mandar (Government Polewali Mandar, 2014). Another factor that actually makes Polewali Mandar has a poverty rate that is relatively high is because the area is open for new arrivals from other areas to stay (settle) and it works, so the locals who lack the expertise and skill, coupled with most newcomers which also lack the expertise, but also become a divider in the calculation of per capita income Polewali Mandar. Consequently, the level of economic welfare society tends to be rather low, in line with the decrease in the number of poor people were also rather low.

Learning of the policy implications of regional development on the economic welfare of society in Polewali Mandar, then one of the factors that concern local government joint working units (SKPD) is remapped potential and economic resources owned (Evaluation of Local Development Performance Polewali Mandar, 2015). Then, a partnership with business and industry, and involving local communities, as well as best practice in collaborative economic development in Ontario Canada, reported by Arku (2013). This was done in order to clarify the direction, goals, and processes of local economic development, as contained in RPJMD Polewali Mandar.

CONCLUSION

Economic development based on Gross Regional Domestic Product (GRDP) in Polewali Mandar quite effective, since only three sectors of the regional economic development sector basis, even in 2013 the agricultural sector as one of the three is no longer a sector basis. Nonetheless, Polewali Mandar is an area that has a relatively high contribution to GRDP, when compared with other districts that are in the province of West Sulawesi, because there are some economic development sectors other than agriculture as a sector of a base that has been developed in a planned and sustained over the years.

As the implementation of economic development and economic welfare of the people who achieved Polewali Mandar, the percentage of the poor communities is also still relatively high, compared to other districts in West Sulawesi. Therefore, as a constructive step and a breakthrough to streamline economic development based on GRDP, as well as lower levels of poverty, local governments need to collaborate with business and industry, as well as the public and the press in implementing management strategies of economic development that combines resource-based approach and market-based approach, in order to optimize the management of the basic sector and various sectors of local economic development as a source of competitive advantage in a sustainable manner in Polewali Mandar.

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