



The influence of labor, level of education and government spending on economic growth In the city of Makassar

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ABSTRACT

This study aims to determine and analyze how much influence the number of workers, level of education and government spending have on economic growth in Makassar City. The hypothesis put forward is that the number of workers, level of education and government spending have a positive and significant effect on economic growth in Makassar City. The type of data used in this research is secondary data. The data is then processed using a computer program namely SPSS 16 with multiple linear regression analysis method. The results showed that the number of workers, level of education and government spending had a positive effect on economic growth in Makassar City, the regression results between the dependent variable and the independent variable were R-Square = 0.979 and F statistic = 93,

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1. INTRODUCTION

Economic growth is an important part of a country's development. Without economic growth, the development of a country will not run as it should. Economic growth is an indicator of development success which is used as a measure of the development or progress of the economy of a country or region because it is closely related to the activities of the community's economic activities in terms of increasing the production of goods and services. An increase in economic growth is one of the targets for economic development at both the national and regional levels.

Economic growth is a country's problem in the long run. The achievement of economic growth is measured by the development of an economy from one period to the next in the ability of a country to produce goods and services which will increase due to the factors of production which are always increasing in quantity and quality.

An economy is said to experience economic growth if the amount of goods and services produced in a certain year is greater than the previous year. If the increase in the production of goods and services in a certain year is higher than in the previous year, there will be an increase in growth, conversely if there is a decrease in the production of goods and services from the previous year, there will be a slowdown in economic growth. The indicator used to measure economic growth at the national level is the Gross Domestic Product (GDP), while at the regional level the Gross Regional Domestic Product (GDP) is used.

In the implementation of development, high growth is the main target for developing countries. High economic growth still leaves problems that must be faced in the development of a region. Rapid economic growth will lead to inequality in income distribution, due to not paying attention to whether the growth is greater or less than the rate of population growth or changes in economic structure. One of the goals of economic growth is to explain the sustained increase in living standards observed in a region. An economy is said to experience growth if in a long enough time, namely five years, ten years or longer, it experiences an increase in output per capita.

The implementation of regional autonomy from 2004 until now basically aims to streamline all policies related to regional affairs, with the hope that the policies adopted can be more targeted and able to produce greater benefits for each region, so as to experience accelerated growth. economy from year to year. It is hoped that with the implementation of regional autonomy, economic growth will be better than in the previous period. Regency/city economic development that takes place in Indonesia is ongoing in an effort to advance the region. This relates to the authority given to the regions since the enactment of the regional autonomy policy.

The level of education completed is one measure of the quality of human resources. This is because the higher the level of education completed, the better the quality of human resources. So that the potential of human resources in a region can be seen from the level of education completed. Education can make human resources more quickly understand and be ready to face change and development in an area. The level of education in Makassar City in 2004 was 10.30 years.

One important indicator of economic growth is the human resources in a region. Population and labor growth has traditionally been considered a positive factor and stimulated economic growth. A larger number of workers will mean an increase in the breadth of the domestic market. Basically, the population can be divided into two groups, namely the population belonging to the labor force and non-labor force. An increasing population will increase the number of workers and this addition will allow an area to add products.

Another indicator that also influences economic growth is government spending. Government spending reflects government policy. Regional government expenditure policies in the APBD are reflected in the total government spending allocated in the regional budget. Marganda and Sirojulizam (2009) argue that too little government spending will harm economic growth, proportional government spending will increase economic growth, wasteful government spending will hinder economic growth.

The government also obtains revenue from central assistance and local revenue which is a form of accumulation of government capital that is used to encourage economic growth in a region. The target of government spending is to finance development in the field of facilities and infrastructure that can support the smooth running of private businesses and the fulfillment of community services. From the explanation above, the authors are interested in examining the extent to which labor, education level and government spending influence economic growth in Makassar City.

2. RESEARCH METHOD

The data collection method used in this study is secondary data, namely data obtained in the form of ready-made data, which has been collected and processed by other parties, usually in the form of publications. The secondary data used is data that is directly related to the research carried out and comes from the central statistical agency. Literature study is a data collection technique that is complemented by reading, studying and analyzing literature sourced from books and journals related to research to obtain an organized theoretical basis and concepts. then the type of data used in this research is quantitative data and qualitative data. Quantitative data, namely data or information obtained in the form of numbers that can be counted. While qualitative data is data or information obtained in the form of explanations that are relevant to the object of research. Regression analysis is used to predict how the dependent variable will change if the value of the independent variable is increased or decreased. To determine the magnitude of the influence of the number of workers, level of education, and government spending on economic growth in the city of Makassar.

3. RESULTS AND DISCUSSIONS

Research result

1. Makassar City Population Conditions

Based on data obtained from the Central Bureau of Statistics, the population of Makassar City in 2004 was recorded at 1 179 023 people and increased to 1 193 434 people in 2005. Meanwhile in 2006 the population of Makassar City was recorded at 1 223 540 people and this figure increased to 1 339 374 people in 2010. However, in 2011 it decreased to 1 148 312. In 2013 the population of Makassar City was 1 408 072 people with a composition of 696 086 men and 711 986 women. Makassar City's sex ratio in 2009 was around 94.45, which means there were 94 more men among 100 women, in 2013 this figure rose to 97.77, this means there were 98 more men among 100 people Woman. There is an increase in the sex ratio,

Positive population growth will expand residential land thereby increasing the population density of Makassar City. In 2009 the population density of Makassar City was 7,239 people/km² then in 2013 it became 8,011 people/km², a sizeable increase. The rapid increase in population density will certainly burden the government in providing various kinds of facilities. If this is followed by an increase in the potential of the population, especially from an economic perspective, then a slight increase in population density will reduce the government's burden.

2. Makassar City Economic Structure

The state of the economic structure of a region can provide information about the magnitude of the role of each sector of economic activity in the formation of regional GRDP. The economy of a region is said to be quite well-established if its economic structure is dominated by the tertiary sector consisting of the trade, hotel and restaurant sectors, the transportation and communication sector, the financial sector, leasing and company services, and the services sector (Central Bureau of Statistics, 2013). The greater the role of the tertiary sector in the formation of a region's GRDP, it indicates that the region's economy is getting more established.

Table 1. Economic Structure of Makassar City in 2004-2008

Business field	2004	2005	2006	2007	2008
1. Agriculture	1.15	1.13	1.11	0.98	0.90
2. Mining & Quarrying	0.01	0.01	0.01	0.01	0.01
3. Processing Industry	23.85	23.86	23.50	23.13	22.24
4. Electricity, Gas & Clean Water	1.94	2.14	2.05	2.00	1.93
5. Building	7.65	7.59	7.54	7.70	8.09
6. Trade, Hotels & Restaurants	28.95	28.78	28.21	28.44	29.05
7. Transport & Communication	15.25	16.01	15.80	15.78	14.80
8. Finance, Leasing & Services Prsh	9.97	9.63	10.09	10.37	10.09
9. Services	11.23	10.85	11.69	16.59	12.89

Based on table 1 data, it can be said that the economy of Makassar City is relatively well-established because its economic structure is more dependent on the tertiary sector. According to the Central Bureau of Statistics (2013) Shifts in the economic structure of a region can be seen from the changes in the role of each sector of economic activity during that period. If the condition of the economic structure of a region is well established, changes in the role of the sectors of economic activity are usually not too large.

In 2004 the sector of economic activity that contributed the most to the formation of GRDP in Makassar City was the trade, hotel and restaurant sector, which was 28.95%, this figure had increased so that in 2013 it contributed 29.38%. Meanwhile, the second order was the manufacturing

sector, which was 23.85% in 2004. This figure decreased during the 2004-2013 period, with a contribution of 17.11% in 2013. Next was the transportation and communication sector, which contributed 15.25% in 2013. 2004 where this figure experienced an increase and decrease during the 2004-2013 period with a contribution of 15.28% in 2013.

3. Makassar City Economic Growth

High and stable economic growth is expected to play a role in increasing the ability of production factors so that it stimulates economic development on a larger scale and has an impact on increasing income and people's welfare. The economic growth of a region can be seen through the magnitude of changes in GRDP in a given year. If the increase in the production of goods and services in a certain year is higher than the previous year, there will be an increase in growth and vice versa if there is a decrease in the production of goods and services from the previous year, it is said that there has been a slowdown in growth.

Table 2. GRDP at constant prices and economic growth

Year	GRDP Constant Price (Million Rupiah)	Economic growth (%)
2004	9 785 333 89	10,17
2005	10 492 540 67	7,22
2006	11 341 848 21	8,09
2007	12 261 538 92	8,11
2008	13 561 827 18	10,60
2009	14 798 187 68	9,12
2010	16 252 451 43	9,83
2011	17 820 697 97	9,65
2012	19 582 060 39	9,88
2013	21 327 227 88	8,91

Based on the data in table 2. shows the economic growth achieved by the city of Makassar in 2004-2013. In 2004 the economic growth of Makassar City was 10.17% and decreased in 2005 by 7.22%. In 2006 it increased by 8.09% and decreased in 2009 by 9.12%. In 2011 economic growth of 9.65% slightly slowed down from the previous year and increased in 2012 by 9.88%. In 2013, Makassar City's economic growth was 8.91%, slightly slowing down compared to the previous year, but GRDP has increased from year to year, which is getting better.

but GRDP from year to year The data shows that GRDP at constant prices from year to year continues to increase. In 2004 the GRDP value of Makassar City was Rp. 9,785,333.89 and increased in 2005 by Rp. 10,492,540.67. Then in 2006 it increased by Rp. 11,341,848.21 and increased again in 2007 amounting to Rp. 12,261,538.92. Likewise in 2008 it increased by Rp. 13,561,827.18 until 2013 continued to increase by Rp. 21. 327,227.88. experience ever-better improvements.

4. Number of Workers in Makassar City

Labor is an important part of economic growth. Labor is the most important process in the production of goods and services and regulates the means of production to produce these goods and services. Table 4.3 presents the number of workers aged 15 years and over in Makassar City in 2004-2013.

Table 3. Number of Workers in Makassar City Year

Year	Total manpower	Percentage (%)
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	(Soul)	
2004	404 546	8.57
2005	389 155	8.24
2006	434 924	9.21
2007	431 981	9.15
2008	498 653	10.56
2009	470 909	9.97
2010	506 992	10.74
2011	541 668	11.47
2012	514 556	10.91
2013	527 765	11.18
Total	4 721 149	100.00

Based on the data in Table 3, it can be explained that the number of workers in Makassar City in 2004 was 404 546 people or 8.57%, and decreased to 389 155 people or 8.24% in 2005. In 2006 it increased again as many as 434 924 people or 9.21%, and in 2007 there was a slight decrease of 431 981 people or 9.15%. In 2008 it increased again to 498 653 people or 10.56% and decreased again in 2009 to 470 909 people or 9.97%. In 2010 and 2011 it increased again to 506 992 people or 10.74% and 541 668 people or 11.47%. Thus in 2012 it decreased again to 514 556 people or by or by 10.91% and increased again in 2013 to 527 765 people or by 11.18%.

5. Level of Education in Makassar City

The level of education completed is one measure of the quality of human resources. The higher the level of education completed, the better the quality of human resources. So that the potential of human resources in a region can be seen from the level of education completed. As the capital of the province, the center of economic activity with complete educational facilities, it allows residents to obtain higher education more easily.

Table 4. Graduates of High Schools and Universities in Makassar City

Year	high school (Soul)	College (Soul)	Total
2004	316 356	134 072	450 428
2005	324 418	133 217	457 635
2006	317 342	139 851	457 193
2007	326 765	142 562	469 327
2008	328 535	147 115	475 650
2009	353 392	144 008	497 400
2010	406 151	180 552	586 703
2011	406 151	180 552	586 703
2012	379 618	179 501	559 119
2013	397 063	171 278	568 341

Based on the data in table 4, high school and tertiary graduates experienced increases and decreases during the 2004-2013 period. High school graduates increased from 316 356 in 2004 to 324 318 in 2005. Meanwhile, university graduates decreased from 134 072 in 2004 to 133 217 in 2005. Total high school and university graduates in 2004 and 2005 each amounted to 450 428 people and 457 635 people. In 2006 high school graduates decreased to 317 342 people and increased again in 2007 to 326 765 people. While university graduates experienced an increase in 2006 by 139 851 people to 142 562 people

in 2007.

In 2006 and 2007 the total number of high school and university graduates was 457 193 and 469 327 respectively. High school graduates in 2008 amounted to 328 535 people, this figure has increased in 2009 to reach 353 392 people. While college graduates in 2008 amounted to 147 115 people, this figure has decreased to 144 008 people. In 2008 and 2009 the total number of high school and university graduates was 475 650 and 497 400 respectively. In 2010 and 2011, high school and university graduates did not experience an increase or decrease, namely 406 151 people and 180 552 people.

6. Government Expenditure Realization in Makassar City

Government spending is part of fiscal policy, namely a government action to regulate the course of the economy by determining the amount of government revenue and spending. Data regarding the development of government spending can be seen in Table 5.

Table 5. Expenditure Realization of Makassar City Government

Year	Total Spending (Million Rupiah)
2004	560 513 319
2005	608 909 469
2006	829 478 742
2007	1 016 955 301
2008	1 225 077 157
2009	1 325 111 876
2010	1 534 709 976
2011	1 589 355 783
2012	2 213 547 065
2013	2 091 629 062

Based on table 5, it can be seen that every year government spending has increased. In 2004 total government spending was Rp. 560,513,319. In 2005 government spending increased to Rp. 608,909,469. Then it increased again in 2006 and 2007 each with a value of Rp. 829,478,742 and Rp. 1,016,955,301. In 2008 it increased by Rp. 1,225,677,157. In 2009 it increased again by Rp. 1,325,111,876. Then in 2010, there was another increase of Rp. 1,534,709,976. Likewise in 2011 and 2012 there was an increase of Rp. 1,589,355,783 and Rp. 2,213,547,065. Furthermore, in 2013, it decreased to Rp. 2,091,629,062.

Discussion result

Based on the results of the analysis of the influence of labor on economic growth in Makassar City during the period 2004 to 2013, the calculated t value is smaller than t table, namely $0.234 < 2.446$ with a probability value of 0.823 above 0.05 or 5%, meaning that the labor variable has a positive but not significant effect on economic growth in Makassar City.

The influence of labor that is not significant on economic growth in Makassar City, this can be caused by the quality of the workforce that is owned, even though an abundant workforce is unlikely to have an impact on reducing the quality and quantity of goods and services that will be produced if the workforce used inadequate. Labor is not only important in terms of quantity but also important in terms of quality.

Based on the results of the analysis of the effect of education level on economic growth in Makassar City during the period 2004 to 2013, the calculated t value is greater than the t table value, namely $2.476 > 2.446$ with a probability value of 0.048 below 0.05 or 5%, meaning that the education level variable has a positive effect and significant to economic growth in the city of Makassar. The level of education has a positive and significant effect on economic growth in Makassar City in accordance with the indications stated that education is a very useful investment for economic growth. Where education is not only beneficial for individuals but also the business community and the general public.

An increase in the level of education provides benefits that can accelerate economic growth, namely the management of modern companies that are developed to be more efficient, the use of modern technology in economic activities can be developed, higher education increases people's thinking power and the various talents, experts and skilled workers needed in various economic activities can be provided.

According to Mill, economic development is very dependent on two types of improvements, namely improvements in the level of public knowledge and improvements in the form of efforts to remove obstacles to development such as customs, beliefs and traditional thinking. Improvements in education, advances in knowledge, expansion of specialization and improvements in the organization of production are important factors for improving quality and efficiency which ultimately create economic development. Education carries out two functions, namely enhancing community technical knowledge and enhancing general knowledge. Education can create modern views and habits and the magnitude of the role to determine the economic progress of society.

Based on the results of the analysis of the effect of government spending on economic growth in Makassar City during the period 2004 to 2013, the calculated t value is greater than t table, namely $4.431 > 2.446$ with a probability value of 0.004 below 0.05 or 5%, which means that the government expenditure variable has a positive effect and significant to economic growth in Makassar City. This is in accordance with the indications put forward, namely government spending is part of fiscal policy, namely a government action to regulate the course of the economy by determining the amount of government revenue and spending each year which is reflected in the APBN for the national and APBD for the region/region. The aim of this fiscal policy is to stabilize prices,

As a developing country where the government's role in the practical economy can influence economic activity in general, not only because this expenditure can create various infrastructures needed in the development process but also is one of the components of aggregate demand whose increase will encourage domestic production. Basically, every government expenditure is carried out on the basis of the principle of optimizing the use of funds to achieve set targets such as improving community services, fostering and supervising development implementation and maintaining various state assets and development results.

4. CONCLUSION

Based on the results of the analysis and discussion of the effect of the number of workers, level of education and government spending on economic growth in Makassar City, it can be concluded that the workforce, education level and government spending simultaneously influence economic growth in Makassar City. This is evidenced by the results of the analysis of F count greater than F table ($93.880 > 4.757$) with a significance level of 0.05. The variable that has the most dominant influence on economic growth in Makassar City is the level of education because the regression coefficient value is greater, namely 0.734 compared to the regression coefficient values of other independent variables.

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