

CHANGES IN ECONOMIC STRUCTURE AND THEIR EFFECT ON POVERTY IN MALUKU PROVINCE

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ABSTRACT

This study aims to analyze changes in economic structure and their effect on poverty in Maluku Province for the 2009-2018 period. The data collection method in this study uses documentation techniques. While the data analysis technique to determine the economic structure uses Location Quotient (LQ) analysis and Shift Share analysis. Meanwhile, to measure the influence of the economic structure on the poverty level, it is carried out through a two-stage analysis. The first stage is to directly analyze the effect of the economic structure on the poverty level, then the second stage is to analyze the effect of the economic structure on the poverty level through the absorption of labor. The analytical technique used is Path Analytic technique. Based on the results of the study (1) From the Shift Share analysis of the Gross Regional Domestic Product (GRDP) of Maluku Province in 2009-2018, it shows that the economic structure in Maluku Province is dominated by the primary sector, as seen from the total component of the Shift Share analysis of the nine sectors, there are The three sectors that contribute the most to GRDP are agriculture, construction, and services. While the results of the Shift Share analysis on the employment of Maluku Province in 2009-2018, the primary sector has a negative Shift Share component value of -31775 workers, which is slower to absorb labor than the same sector at the provincial level. The results of data analysis through Path Analysis show that (2) the economic structure contributes and has a significant effect on employment as much as 55%; (3) The economic structure contributes directly and has a significant effect on the poverty rate by 40%.

Keywords: Economic Structure, Poverty, Labor

ABSTRAK

Penelitian ini bertujuan untuk menganalisis perubahan struktur ekonomi dan pengaruhnya terhadap kemiskinan di Provinsi Maluku periode 2009-2018, Metode pengumpulan data pada penelitian ini menggunakan teknik dokumentasi. Sedangkan teknik analisis data untuk mengetahui struktur ekonomi menggunakan analisis *Location Quotient* (LQ) dan analisis *Shift Share*. Sedangkan untuk mengukur pengaruh struktur ekonomi terhadap tingkat kemiskinan, dilakukan melalui analisis dua tahap. Tahap pertama dengan menganalisis secara langsung pengaruh struktur ekonomi terhadap tingkat kemiskinan, kemudian tahap kedua menganalisis pengaruh struktur ekonomi terhadap tingkat kemiskinan melalui penyerapan tenaga kerja. Teknik analisis yang digunakan adalah teknik Analisis Jalur (*Path Analitic*). Berdasarkan hasil penelitian (1) Dari analisis *Shift Share* terhadap Produk Domestik Regional Bruto (PDRB) Provinsi Maluku tahun 2009-2018, menunjukkan bahwa struktur ekonomi di Provinsi Maluku didominasi oleh sektor primer, terlihat dari komponen jumlah dari analisis *Shift Share* dari kesembilan sektor, ada tiga sektor yang memberikan sumbangsih terbanyak terhadap PDRB yakni pertanian, bangunan, serta jasa. Sedangkan hasil analisis *Shift Share* pada penyerapan tenaga kerja Provinsi Maluku tahun 2009-2018, sektor primer mempunyai nilai jumlah komponen *Shift Share* yang *negative* sebanyak -31775 tenaga kerja lebih lambat menyerap tenaga kerja daripada sektor yang sama pada tingkat provinsi. Hasil analisis data melalui *Path Analysis* menunjukkan bahwa (2) Struktur ekonomi berkontribusi dan berpengaruh signifikan terhadap penyerapan tenaga kerja sebanyak 55 %; (3) Struktur ekonomi berkontribusi langsung dan berpengaruh signifikan terhadap tingkat kemiskinan sebesar 40 %.

Kata Kunci : Struktur Ekonomi, Kemiskinan, Tenaga Kerja.

INTRODUCTION

Economic growth is the key to reducing poverty in a region. With increasing economic growth, it indicates that the government is able to improve the welfare of its people, so as to reduce the level of poverty. The adequacy requirement is that economic growth is effective in reducing poverty levels. This means that this growth should spread across every income group, including the poor (Siregar, 2008).

The transformation of the economic structure is a manifestation of the modernization of economic activity which is one indicator of regional economic development. According to Todaro (2011), the transformation of the economic structure is the process of changing the structure of the economy from the agricultural sector to the industrial or service sectors, where each sector undergoes different changes. The process of changing the structure of the economy itself is characterized by: (1) a decline in the share of the primary sector (agriculture); (2) increasing share of the secondary sector (industry); and (3) the share of the tertiary sector (services) also contributed which increased in line with economic growth. The transformation of the economic structure is a prerequisite for increasing and sustaining economic growth

and reducing poverty, as well as supporting sustainable development itself.

According to W. Arthur Lewis in his theory of the Lewis two-sector model, in developing countries there is a transformation of the economic structure from the traditional subsistence agricultural economic pattern to a more modern economy, more oriented towards urban life, and has a manufacturing industry sector that is more developed. diverse and resilient services sector. Lewis theory is recognized as a "general" theory that addresses the development process in third world countries that experience an excess supply of labor. (Todaro, 2004, 133).

Regional development in Maluku Province is part of national development which is an effort to improve all aspects of people's lives by continuously improving welfare in a fair and equitable manner. The potential of natural resources that are widely available in Maluku Province is one of the capitals in improving the regional economy. Judging from its natural condition, the agricultural sector is still the lifeblood of the community, although its role is gradually being shifted by the trade sector.

Thus the local government has a function, among others, to allocate economic resources in the form of goods and services needed by the local community. Regional economic development is essentially a series of activities carried out by the regional

government together with the community in managing and utilizing existing resources optimally to stimulate regional economic development in order to improve the standard of living of the people in the region.

Changes in the economic structure in Maluku Province are still traditional, indicated by the large number of people working in the agricultural sector (primary) compared to other sectors. This is a temporary assumption that causes the high number of poor people in Maluku Province.

This is in line with research conducted by Mulyanto (2006) that the role of each sector in total GRDP, in each Regency / City can be seen that structural transformation only occurs in Semarang Regency and Kendal Regency. However, the structural transformation that occurred was not followed by a shift in the absorption of sectoral labor from the agricultural sector to the industrial sector in the two regencies. This shows the dualism of structural transformation.

Based on the background of the problems described above, the authors are interested in conducting a more in-depth study through research on the influence of economic structure on poverty levels in the Selayar Islands Regency. The urgency of this research is that it can be used as a reference material for the Maluku Province government in

determining its policy direction in relation to the regional economic development acceleration program, especially in terms of poverty alleviation.

METHODOLOGY

The data needed in this study is secondary data, namely data published by the relevant agency with the object of research. The data is data from BPS as well as literature related to the object of research

This study aims to (1) determine the economic structure and absorption sectoral workforce in Maluku Province for the 2009-2018 period; (2) the influence of economic structure on employment in Maluku Province for the 2009-2018 period; and (3) the influence of the economic structure on the poverty level in Maluku Province for the 2009-2018 period.

The population in this study is all statistical data for Gross Regional Domestic Product (GRDP) and employment statistics and poverty statistics for Maluku Province. While the data that is used as a sample is statistical data for Gross Regional Domestic Product (GRDP) and employment statistics and poverty statistics for the Maluku Province for the period 2009-2018.

The data collection method in this study uses documentation techniques. While the data analysis technique to determine the economic structure uses Location Quotient

(LQ) analysis and Shift Share analysis. Meanwhile, to measure the influence of the economic structure on the poverty level, it is carried out through a two-stage analysis. The first stage is to directly analyze the effect of the economic structure on the poverty level, then the second stage is to analyze the effect of the economic structure on the poverty level through employment. The analytical technique used is Path Analytic technique.

RESULT

1. Maluku Province Economic Structure Based on Location Quotient (LQ) and Shift Share Location Quotient (LQ) Analysis Results

The research findings show that the sector that contributes the most to the GRDP of Maluku Province is the building, agriculture and service sector with an LQ value > 1 from 2009-2018. This shows that the construction, agriculture and service sectors are the basic sectors in Maluku Province. This sector deserves to be developed both to meet local needs and for markets outside the region.

The reason why building, agriculture and service sectors deserve to be developed is because these sectors have the potential to increase regional income. This is in accordance with the opinion of Widodo (2012: 116), which says that the basic logic of the

basic theory is that because the y-base sector produces goods and services for markets in the region and outside the area concerned, the sale of the sector will generate income for the area concerned. Furthermore, the flow of income will lead to an increase in consumption and investment in the area and create new job opportunities.

2. Shift Share

The results of data processing show that the sector that absorbs the most labor in Maluku Province is the tertiary sector with a total shift share component of 40261 workers. This shows that the majority of the population of Maluku Province work in the tertiary sector of business, namely trade, transportation and communication, services and other business fields that are included in the tertiary sector. This condition shows that the economy in Maluku Province is still traditional. It is evident that from the results of the Shift Share analysis of GRDP, it is found that the sector that contributes the most is the primary sector (agriculture). However, if we look at the absorption of labor, it is dominated by the tertiary sector.

According to Lewis theory in Todaro and Smith (2012: 3-4), if an economic sector is not able to absorb labor optimally in an area, then the main cause is the presence of a surplus of labor or excess labor in that area. This labor

surplus will be overcome if the sector is considered by the government by developing it through the support of facilities and infrastructure so that its output can increase and create new job opportunities. On the other hand, if a sector is able to absorb labor optimally but does not produce maximum output, this indicates that the workforce in that sector is less skilled so that attention is needed from the relevant government to provide training that encourages the improvement of workforce skills so that they are more skilled and productive.

3. The Effect of Economic Structure on Poverty Levels in Maluku Province Based on Path Analysis Results

The results showed that the economic structure directly contributed to the absorption of labor and had a significant effect of 55%. This shows that the absorption of labor in Maluku Province is influenced by the economic structure. Furthermore, the economic structure contributes directly and has a significant effect on the poverty level of 40%. This condition shows that the poverty rate in Maluku Province during 2009-2018 was much influenced by the condition of the economic structure. As the results of previous data processing, many workers in Maluku Province from year to year switch from the primary sector to the tertiary sector but do not produce maximum output.

According to Chenery in Suharyono (2013: 18-19), if there is a shift of labor from the primary sector to the tertiary sector, then the economy is still said to be traditional because these two sectors cannot produce maximum output which can then be used to create new jobs. However, the real structural transformation is the process of shifting the economic structure from the primary sector to the secondary sector which can produce greater output, while the role of the tertiary sector remains.

The high absorption of labor in the tertiary sector in the above study is due to the mobility factor of the population to the city and the majority of urban life requires a lot of services.

DISCUSSION

1. PDRB

The size of the Gross Regional Domestic Product (GRDP) of a region is very dependent on the potential of its economic resources and the effectiveness of their utilization. The economic structure can provide an overview of each sector in the formation of the total GRDP of a region, the greater the percentage of a sector, the greater the influence of the sector in the regional economy. The GRDP of Maluku Province has increased every year from 2009-2018.

2. Poverty

Poverty according to Law no. 24 of 2004 is the socio-economic condition of a person or group of people whose basic rights are not fulfilled to maintain and develop a useful life. The results showed that the effect of economic structure on labor resulted in the equation $Y = 528,765 + 0.745X$ which means that if there is no change in the economic structure (X), then the value of employment (Y) is 528,765. The regression coefficient of 0.745 states that every change in the score of one economic structure will give an increase in the score on employment of 0.745. The effect of labor absorption on the poverty level results in the equation $Z = 3958269.262 - 0.347Y$ which means that if there is no change in employment (Y), then the value of the poverty level is 3958269.262. The regression coefficient -0.347 indicates that each change in the score of employment will cause a decrease in the score on the poverty level as much as -0.823. While the effect of economic structure (X) on the poverty level (Z) is shown by the equation $Z = 3958269.262 - 0.639X$. The equation implies that if there is no change in the economic structure variable (X), then the value of the poverty level is 3958269.262. The regression coefficient -0.639 states that every one change in the economic structure score will cause a decrease in the score on the poverty level of -0.639.

3. Structure Change

According to Kuznet in Jhingan (1992: 420), changes in economic structure or also called structural transformation are a series of interrelated changes in the composition of aggregate demand, foreign trade (exports and imports), aggregate supply (production and use of factors). factors of production, such as the use of labor and capital) caused by the process of development and sustainable economic growth.

The reason why the construction, agriculture and service sectors deserve to be developed is because this sector has the potential to increase regional income. This is in accordance with the opinion of Widodo (2012: 116), which says that the basic logic of the basic theory is that because the y-base sector produces goods and services for markets in the region and outside the area concerned, the sale of the sector will generate income. for the area concerned. Furthermore, the flow of income will lead to an increase in consumption and investment in the area and create new job opportunities.

CONCLUSION

1. The results of the Location Quotient (LQ) analysis of the Gross Regional Domestic Product (GRDP) of Maluku Province in 2009-2018 show that the sectors which are the base sectors in Maluku Province are the

building, agriculture and services sectors. These sectors have comparative advantages compared to other sectors, and the results are not only able to meet the needs of all people in Maluku Province, but can also be exported outside the region.

2. The results of the Shift Share analysis of the Gross Regional Domestic Product (GRDP) of Maluku Province in 2009-2018, show that the economic structure in Maluku Province is dominated by the primary sector, as seen from the total component of the Shift Share analysis of the nine sectors, there are three sectors that contribute the most to GRDP, namely agriculture, buildings, and services. While the results of the Shift Share analysis on the employment of Maluku Province in 2009-2018, the primary sector has a negative Shift Share component value of -31775 workers, which is slower to absorb labor than the same sector at the provincial level. The sector that most dominantly absorbs labor is the tertiary sector with a total shift share component of 4026 workers, which is faster than the absorption of labor in the same sector at the provincial level.
3. The results of data analysis through Path Analysis show that:

- a. The economic structure contributes and has a significant effect on employment as much as 55%. This means that the hypothesis which states that the

economic structure affects the absorption of labor is acceptable.

- b. The economic structure contributes directly and has a significant effect on the poverty rate by 40%, while the indirect effect of the economic structure through the absorption of labor is only 38%. This means that the hypothesis that the economic structure has a direct effect on the poverty level is acceptable.

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