



The Impact of Economic Development on the Quality of Human Resources in South Sulawesi Province

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Abstract

This study aims to identify and analyze the impact of economic development on the quality of human resources in South Sulawesi Province, including the education and health sectors. The research method used is descriptive qualitative using a multisystemic approach. The data used in this research is secondary data. The results showed that the role of government in the health sector had a positive and significant effect on economic growth and development. Furthermore, government spending in the education and health sectors is to strengthen the influence of poverty levels on the development of human resources. Furthermore, the level of poverty alleviation has not been significantly affected, this is because the development of the quality of human resources in South Sulawesi Province has not thoroughly touched all levels of society. The results of the study can be used as a philosophical basis in government policy programs in poverty reduction efforts to improve the quality of human resources that are carried out comprehensively and sustainably and cover aspects of community life that are carried out in an integrated manner in the future.

Keywords: *Economic Growth, Education, Health, Human Resource Development, Poverty.*

INTRODUCTION

The development of the quality of human resources is more likely to emphasize the fulfillment of decent human life. The existence of economic growth can sustain the fulfillment of rights and freedoms, and promote the relationship between economic development and social justice, between increased economic growth and the quality of a healthy political atmosphere, and between increased levels of community welfare and individual quality (Muminovna & Abdugapparovich, 2021). The development of this region can further ensure the continuity and sustainability of human life with social justice, which is the obligation and responsibility of the state in fulfilling its obligations to the right to development for all people equally and equitably. Therefore, the human resources quality development program is certainly directed at equity and poverty reduction through the thinking basis outlined through the national development vision, and implemented in the concept of pro-poor development.

The development of the quality of human resources is a major issue because if a region does not have the potential for natural resources, it can use human resources to advance and develop its region. Therefore, the quality of human resources has an important role in regional development. The Human Development Index (HDI) is useful for evaluating

human development across different countries and regions. As the quality of the HDI improves nationally and in South Sulawesi Province, it is frequently accompanied by a yearly reduction in the number of people living in poverty. Based on the rate of decline in the poverty rate, it cannot be said that the region has a declining poverty rate. This condition is caused by the relatively high poverty rate when compared to the total population in South Sulawesi Province.

According to the data from the Central Statistics Agency (BPS), the number of impoverished individuals in South Sulawesi reached 782.32 thousand in 2022, showing an increase of 16.86 thousand from 2021. The percentage of the urban poor population in 2022 was 5.07 percent, decreasing to 4.98 percent in September 2022. The number of people considered poor is determined by the established poverty threshold. This situation arises because individuals classified as poor have a monthly per capita expenditure that falls below this defined poverty line. The condition of the number of poor people according to nine districts/cities in South Sulawesi Province in 2023 was highest in Pangkep District, which had a percentage of poor people of 13.40%. Meanwhile, Makassar City has the smallest proportion of impoverished residents, with a rate of 5.07%. The development of the percentage of poor people within the province also shows a decrease, where in 2022 the percentage of poor people in South



Sulawesi Province amounted to 8.63%, increasing to 8.70% in 2023. This can be caused by the provision of budget policies in the education and health sectors, which is one of the benchmarks in the development of human resources. As found in district/city and provincial local governments in South Sulawesi which generally experience an increase every year. The budget allocation has increased because it is driven by the increase in revenue obtained by each local government.

In 2023 the South Sulawesi Provincial government provided a budget allocation for the education and health sectors of Rp.10.1 trillion and an expenditure budget of Rp.9.9 trillion and is still a priority program in development and there has been an average increase over eight years of 45.57%. This increase does not necessarily always increase, because in 2020 there was a decrease of 38% or Rp.4.2 Trillion, but from 2021 to 2023 the budget increased again. Gross Regional Domestic Revenue (GRDP) is still believed to be one of the indicators used to assessing the effectiveness of economic growth within the area. Furthermore, the United Nations Development Program (UNDP) proposes another indicator that is considered to tend to be better for measuring development success, namely through the Human Development Index (Darmawan et al., 2023).

For this reason, in knowing the extent of the relationship between the Human Development Index (HDI) and economic development, especially economic development in the region. The existence of regional autonomy authority, entrusted to each district/city local government in preparing development plans and financial budgets to increase economic growth and community welfare. Thus, to finance the development of the economic sector, local governments need to reallocate public financing both in the education and health sectors.

METHODS

This study employs a qualitative descriptive methodology, utilizing a multisystemic approach model to offer insights into the findings (Cottrell et al. 2018). The descriptive qualitative research methodology is employed to comprehensively examine the primary concepts presented by the author regarding the research topic (Tramonti, Bonfiglio, et al., 2019). The data collection method is through observation, in-depth

interviews, and documentation (Decker et al., 2018; Ningi, 2022). Based on Bell & Willmott (2014), there is a relationship between gathering data, documenting, conducting thorough interviews, and observing unresolved research queries exists. Consequently, a qualitative descriptive approach was devised to address the issues (London et al., 2016). Additionally, this study employs a triangulation and interaction model methodology to scrutinize the gathered research data (Gellatly et al., 2019). The model serves the purpose of validating data, enabling a comparison between documentation and interviews. Consequently, the evaluation procedure for observations and interviews involves: (1) crafting diverse research instruments, (2) revisiting data sources, and (3) employing methods conducive to verifying data validity (Weisz et al., 2019).

RESULTS AND DISCUSSION

The Impact of Economic Growth and Poverty Rate on the HDI

The results show that there is an effect of economic growth that does not bring changes to human development outcomes directly. The existence of economic growth is due to an increase in economic sectors. However, this increase cannot increase the Human Development Index (HDI). Hence, there remains a belief in the correlation between economic and social development, where economic progress can directly enhance social welfare, and conversely, social advancement can directly fuel economic growth (Ncube et al., 2021). To bolster the economy, the government is pursuing a strategy aimed at amplifying the expansion of key sectors.

Development in these sectors drives the availability of employment opportunities which in the end can increase and equalize income distribution among members of the community, to encourage an increase in community welfare. Furthermore, economic growth is a prerequisite for the achievement of human development. With economic growth, there will be an increase in productivity and an increase in income through the creation of employment opportunities. This is in line with the theory or process of trickle-down effect. In the economic field, development is more emphasized on the simultaneous increase in economic growth and per capita income and encourages



purchasing power to fulfill all the needs of the community.

This is based on the results of joint interviews with research informants AW, one of the informants who works as a civil servant in the South Sulawesi Provincial Government, said that the influence of economic growth in South Sulawesi Province which directly has a positive impact, especially in the economic sector which directly contributes to improving the quality of human resources (Interview, February 11, 2024).

Poverty causes individuals to have limitations in accessing their needs. Therefore, the level of an individual's ability to access resources greatly influences their level of welfare. This correlates with when individuals are in the Prosperous category, all of their basic needs will be satisfied. In addition, they can also fulfill their clothing and shelter needs. Opportunities to access education and health services can also be fulfilled. People in the pre-welfare category can access education widely, access health, for example, goes to the doctor or health center, get education, health, sanitation, and clean water facilities.

Fulfillment of these needs indicates that increasing the quality of the population can ultimately improve the Human Development Index (HDI). Although it does not have a significant effect, improvements in the Human Development Index (Aminda, et al., 2024) in a region will have a positive impact on increasing employment opportunities and increasing productivity, which in turn will increase people's income and release them from the cycle of poverty.

This condition is in line with the research of Pillana & Tmava (2019) that investment and economic growth, namely investment as an important component of aggregate demand, is a crucial factor for the continuity of the economic process or long-term economic growth (sustainable development). The human development can be done by improving several aspects that are important for human life, namely life age, education, and decent living standards. Likewise, the results of research by Uzun (2022), show that local government expenditure in the field of government education can build a good educational facility and system. The percentage of local government expenditure in the health sector from the Gross Regional Domestic Product has a negative and

significant effect on HDI in Indonesia. This shows that investment in the health sector still has to get attention, especially from the allocation of local government expenditure.

The Impact of Government Expenditure in the Education Sector on Economic Growth

The findings indicated that spending by the government within the educational domain is a mediator that strengthens the influence of economic growth on the Human Development Index (HDI). Although it does not have a positive and significant impact. Optimization of the service sector and educational facilities such as school buildings, books, laboratory needs, or scholarships for poor students is still very limited. Thus, the government expenditure policy for the education sector is an investment that can indirectly improve human quality (Dorji, 2023; Joarder et al., 2022).

This is based on the results of interviews with research informants AW, one of the informants who works as a civil servant in the South Sulawesi Provincial Government, said that the current South Sulawesi Provincial Government policy is still limited, especially in the education sector, because the budget allocation for education is still divided evenly in each district/city, so this condition provides barriers to the use of the budget in the education sector (interview, February 11, 2024).

One way to progress and well-being to improve the quality of human resources is by looking at the condition of education. If the education sector does not get serious attention from the government, it will create unemployment, crime, drug abuse, and welfare dependency which is a socio-political burden for the government. In addition, investment in education has been shown to promote economic progress and create social welfare. Therefore, government spending in the education sector is a long-term investment that must be supported through adequate and equitable financing. In the Regional Budget (APBD), the education sector generally receives the largest allocation as part of the priority to improve the quality of Human Resources (HR) of South Sulawesi Province. With a good and targeted allocation, investment in the education sector can improve human quality which in the end can support the achievement of social progress and economic growth.



Government expenditure in South Sulawesi Province has a positive impact on the development of the quality of human resources. Therefore, the condition of the HDI greatly affects the poverty rate. Therefore, the improvement in the quality of human resource development is correlated with the HDI which is supported by government policy through the allocation of funding sources from the South Sulawesi Provincial Government whose designation is to improve the quality of human resources. In the aspect of fulfilling the needs of a long life and a healthy lifestyle, to gain knowledge and have access to resources that can satisfy living standards.

The government's expenditure on the education sector is a form of investment in human capital. Therefore, its role and position in encouraging economic progress in a country is very important. Thus, in human development seen from public sector expenditure policies related to improving the quality of human development, namely expenditure in the education sector.

This condition is in line with the results of research by Nagaj (2022) that if government expenditure is not aimed at reducing poverty levels, then human development will not be realized. Furthermore, the results of research by Awaworyi Churchill, et al. (2015) that economic growth and government expenditure in education and health have a positive and significant effect on the human development index, while the poverty rate has a negative and significant effect on the human development index. Likewise, the results of research by Collins & Essien (2024) show that there is a significant positive relationship between the human development index and GRDP per capita, government expenditure on education and health, total government expenditure, and income distribution are important variables that explain the strength of the relationship between human development and economic growth.

The Impact of Government Expenditure in the Health Sector on Economic Growth

The results showed that the allocation of government expenditure in the health sector can have a positive impact on economic growth to support the Human Development Index (HDI). This causes government expenditure in the health sector to be associated with human development in South Sulawesi Province to increase significantly. There is a budget

allocation that makes a real contribution to improving the quality of health services for the community. The South Sulawesi Provincial Government has provided an allocation of medical assistance channeled through hospitals through the Regional Health Insurance (*Jamkesda*) so that these conditions are utilized directly by the community to access health services. However, the allocation of expenditure in the health sector remains limited to certain areas in districts/cities in South Sulawesi and is unequal.

There is an unequal budget used for programs and activities, which are curative, preventive, and operational. Furthermore, although there is an increase in the budget in the health sector in terms of health services, health programs, as well as the supply of medicines and medical devices, it is not followed by additional facilities such as road infrastructure, repair/construction of health centers, and so on. These conditions have not yet affected the quality of health and the development of the quality of human resources.

This is based on the results of interviews with research informants AW, one of the informants who works as a civil servant in the South Sulawesi Provincial Government, said that the current South Sulawesi Provincial Government policy, especially in the health sector, has been implemented optimally. This is supported by the budget through the National Budget (*APBN*) and Regional Budget (*APBD*) in South Sulawesi for health services, so the hope is that in general, the people in South Sulawesi can access health services optimally. However, it still needs to be realized that the budget also specifically does not cover all service centers in districts/cities in South Sulawesi, so there are still health services that tend to be mere priorities (interview, February 11, 2024).

Based on this description, the South Sulawesi Provincial Government's financial allocation support in the health sector is expected to increase in volume and be adjusted to the needs of the community, so that community expectations in accessing health services can be optimized. Thus, if the quality of health is optimally facilitated, it can have a positive and significant impact on improving the quality of human resource development which is also expected to contribute to the economic welfare of the community.

This condition is in line with the results of research by Jones (2000) that when education inequality and human capital inequality are reduced, it



can increase economic growth. This means that if education can be reached by all people, economic growth can be achieved. Furthermore, the results of research by Yap (2013) that education inequality hampers economic growth, whereas income inequality boosts economic growth within the region.

CONCLUSION

In building the quality of human resources, of course, facilities must be provided in the education and health sectors. This is in line with the Vision and Mission of the South Sulawesi Provincial Government in building the quality of human resources that are evenly distributed in each district/city. Therefore, the allocation of budget expenditure for education and health should be optimized so that people can access these services not only in certain predetermined areas but evenly throughout the territory of South Sulawesi Province, to make a positive contribution to economic welfare.

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