



Analysis of Non-Agricultural Economic Growth Rates in Tanah Jawa District, Simalungun Regency

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ABSTRACT

Analysis of Non-Agricultural Economic Growth Rates in Tanah Jawa District Simalungun . The purpose of this study was to determine and observe the factors that become the rate of non-agricultural economic growth in Tanah Jawa District. To find out and observe the influence of the non-agricultural sector on the rate of economic growth in Tanah Jawa District. This research was conducted in Tanah Jawa District, from January to March 2019 . This research is included in the type of observation, namely to identify its role and influence with an area. This type of research is descriptive quantitative, so that the research presents a description of the condition of various non-agricultural sectors to be determined as the base sector in Tanah Jawa District. The results of this study are that the non-agricultural sector in the rate of economic growth deserves to be used as a mainstay sector or referred to as the basic sector because all PAD sectors are: restaurant tax 1.54, excavation C 1.09, HO (nuisance permit) 1.87, bottom water tax land 1.04 and advertising tax 3.27. From the results of the LQ calculation that there are no non-base sectors. The occurrence of the rate of non-agricultural economic growth can be realized from the results of the number of food and beverage businesses that there is an increase in the types of food/beverage businesses, grocery stall businesses, restaurant businesses, coffee shop businesses and meatball stall businesses. The rate of economic growth in Tanah Jawa Subdistrict in the last year has increased as seen from the addition of the number of workers, and the development of trade can be seen from the increase in the number of trading businesses so that regional development can be realized in the Tanah Jawa Subdistrict.

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1. Introduction

Economic growth is an economic problem in the long term, and economic growth is an important phenomenon experienced by the world in recent times. The process of economic growth is known as Modern Economic Growth . Basically, economic growth is defined as a process of output growth per capita in the long term. This means that in the long term, welfare is reflected in an increase in output per capita which at the same time provides many alternatives in consuming goods and services, and is followed by an increasing purchasing power of the people.



One of the goals of macroeconomic development is to increase economic growth in addition to the other two goals, namely equity and stability. This indicator is important in analyzing the economic development that occurs in a country, because it can provide a macro picture of the policies that have been implemented, especially in the economic sector. The workforce is the population who are of working age. According to Law no. 13 of 2003 Chapter I Article 1 paragraph 2 states that the workforce is everyone who is able to do work to produce goods and or services both to meet their own needs and for the community. Broadly speaking, the population of a country is divided into two groups, namely workers and non-workers. The population is classified as a workforce if the population has entered working age. The working age limit that applies in Indonesia is 15 years –64 years. According to this understanding, everyone who is able to work is called a workforce. There are many opinions regarding the age of these workers, some say they are over 17 years old, some say it's over 20 years old, some even say it's over 7 years old because street children are included in the workforce.

The age group in 2016, most of the population of Tanah Jawa sub-district were in the productive age (15-64 years) as many as 30,310 people (63.80 percent), and the remaining 14,142 people (29.77 percent) were under 15 years old and 3,057 people . (6.43 percent) aged 65 years and over. As a result of such a large population structure. The dependency ratio in Demak Regency is 56.74. This means that every 100 people of productive age cover around 56 people of non-productive age, namely those aged under 15 years and 65 years and over . Dependency ratio in Tanah Jawa District in the last 6 years tends to decrease although not significantly. An increase in the dependency ratio will hamper economic growth because the dependents of productive age will increase and thus the productivity of the community will decrease. Basically, economic development has four main dimensions namely: (1) growth, (2) poverty alleviation, (3) economic change or transformation, and (4) sustainable development from an agrarian society to an industrial society. Structural transformation is a prerequisite of increasing and sustainable growth and poverty alleviation, as well as supporting sustainable development itself. The process of changing the structure of the economy is characterized by: (1) decreasing the share of the primary sector (agriculture), (2) increasing the share of the secondary sector (industry), and (3) the share of the tertiary sector (services) also contributing increasing in line with economic growth.

Therefore, it is important to conduct a research on economic growth entitled " Analysis of Non-Agricultural Economic Growth Rates in Tanah Jawa District, Simalungun Regency". Economic growth is the process of changing the economic conditions of a country on an ongoing basis towards a better state over a certain period. Economic growth can also be interpreted as a process of increasing the production capacity of an economy which is manifested in the form of an increase in national income. Their economic growth is an indication of the success of economic development. In putting forward his theory of growth, Schumpeter begins his analysis by assuming that the economy is in an undeveloped state. But this situation did not last long. When this situation prevails, a group of entrepreneurs are aware of the various possibilities for carrying out profitable innovations. Driven by the desire to benefit from the reform, they will borrow capital and invest. This new investment will increase the level of economic activity of the country. Then people's income will increase and so on, public consumption will increase. The increase will encourage other companies to produce more goods and make new investments.

Economic theory defines or defines investment as expenditures to buy capital goods and production equipment with the aim of replacing and especially adding to capital goods in the economy that will be used to produce goods and services in the future. Investment which is commonly referred to as investment or capital formation, according to Sukirno 2002) is the second component that determines the level of aggregate expenditure. Furthermore, Boediono (2001) defines investment as expenditure by the producer (private) sector for the purchase of goods and services.



The development of the concept of territory has a long history, in general the area can be interpreted as a part of the earth's surface that can be distinguished in certain respects from the surrounding area. In connection with this, some areas can be called administrative areas (Bintaro, 1989). developments can be seen using the Location Quotient (LQ) analysis technique, which is a tool or method used to determine an area in the infrastructure sector in an area. Various problems that so far can be seen from problems of capital, spatial planning, cleanliness and garbage and others.

The government system of the Republic of Indonesia regulates the principles of decentralization, deconcentration and co-administration tasks that are carried out together. To realize the implementation of the principle of decentralization, an autonomous region was formed which was divided into provinces, districts and regions autonomous city in accordance with the provisions of Article 1 paragraph (1) of Law Number 22 of 1999. According to Article 1 letter 1 of the Law it is formulated that: "Autonomous Region", hereinafter referred to as region, is a legal community unit that has certain regional boundaries authorized to regulate and manage the interests of the local community according to its own initiative based on the aspirations of the people within the bonds of the unitary state of the Republic of Indonesia. In the previous description, based on Law number 22 of 1999 article 79, it is stated that local revenue consists of: Local tax result, Regional levies, The results of regionally owned companies, and the results of management of regionally owned companies that are separated and, Other legitimate local revenue.

Increasing Regional Original Income (PAD) absolutely must be carried out by the Regional Government so that it is able to finance its own needs, so that the dependence of the Regional Government on the Central Government is decreasing and in the end the regions can be independent. In Law Number 33 of 2004 concerning the financial balance between the central government and regional governments in chapter V (five) number 1 (one) it is stated that local revenue comes from: Local tax, Regional Retribution, The results of the management of assets belonging to the separated regions.

Tarigan (1999) categorizes several opinions about the notion of territory. An area is considered a space where economic activity occurs and in various corners of the space there are the same characteristics. The similarity of these characteristics, among others, in terms of income per capita, social, cultural, geographical and so on. Regions in this sense are called homogeneous regions. An area is a spatial economy under one particular administration, such as a province, district, sub-district, and so on. So the area here is based on the administrative division of a country. The area in this sense is called the planning area or administrative area.

The concept of a development center as a policy formulation tool is not only carried out at the regional level but also at the national level. In this case there is often a conflict between regional and national interests, especially in determining the location and members, which can lead to higher development inequalities (Esmara, 1986).

2. Research Method

2.1. Types of research

This research is included in the type of observation, namely to identify its role and influence with an area. This type of research is descriptive quantitative, so that the research presents a description of the condition of various non-agricultural sectors to be determined as the base sector in Tanah Java District.

2.2. Sales revenue

The type of data in this study is quantitative data and the data source used is secondary data. According to Kuncoro (2004), secondary data is data collected by data collection agencies and published to the public using data. The data collection institutions used in this research are, among others: Central Bureau of Statistics (BPS) in figures for Tanah Java District in several years of publication. UPTD of the Simalungun Regency Financial and Asset Management Revenue Service in several years of publication The community,



business actors and apparatus in the Tanah Jawa District. This research was conducted in Tanah Jawa District, from January to March 2019.

3. Result and Discussion

3.1 Industrial Potential (Small and Medium Enterprises)

Tanah Jawa sub-district has other potential besides the agricultural sector, namely the industrial sector (Small and Medium Enterprises). The potential of the industrial sector is seen from a variety of businesses such as food and beverage businesses, Internet cafes and salon businesses, industries. This potential is driven to increase the economic growth of the community.

The number of food and beverage businesses from 2015 to 2015 has increased, this means that economic growth seen from the trade sector has increased. So in this case it takes the participation of the local government, namely the village apparatus and the Camat in terms of providing credit to food and beverage entrepreneurs because this type of business has the potential to be developed in the Tanah Jawa District so that it can absorb labor so that unemployment in the Tanah Jawa District is overcome.

Balimbingan Village has the largest number of food and beverage businesses in Tanah Jawa District and has increased. So this area is very potential to be used as a culinary tourism place in Tanah Jawa District, it is necessary to have the participation of village officials in terms of managing the place and holding training on entrepreneurship so that later reliable entrepreneurs will be created so that the welfare of the community increases as well.

3.2 Potential Mineral Areas

The number of companies/businesses in Simalungun Regency is relatively small, namely as many as 97 businesses where all of these businesses are the largest C excavations, one of which is Tanah District with 11 businesses, Bandar District with 11 businesses and Siantar District with 10 businesses. Types of potential minerals for metal and non-metal mining in Tanah Jawa District are quartz sand, limestone, granite, granodiorite, zeolite and clay.

3.3 Economic Base Sector Analysis

To find out the formulation of the problem, namely the determination of the base and non-base sectors with Location Quotient (LQ) based on income indicators calculated by the formula as stated in the research methods section. The measurement used in determining the degree of the base is based on the Location Quotient (LQ) index. If the LQ value is greater than one, it indicates that the sector activities are basic economic activities (base sector) and the LQ value is equal to or less than one, which means that the sector activities are non-basic activities. The value of PAD (Regional Original Income) in Tanah Jawa and Simalungun Districts is obtained from existing Regional Taxes as shown in the following table:

PAD in Tanah Jawa Sub-district the amount of PAD has increased every year, namely in 2017 it was Rp. 17,230,100, in 2016 it was Rp. 18,657,300, in 2017 it was Rp. 21,497,300, in 2018 it was Rp. 31,645,961, in 2019 it was Rp. IDR 31.003.882. LQ of the Restaurant Tax in 2018 (0.96) to 2016 (0.46) decreased by 0.5 percent in terms of income and then increased in 2017 (1.52) to 2018 (4.43) then experienced a very high decline in 2019 (0.37), a significant decline in income occurred in 2018 to 2018 which decreased by 4.06 percent while the growth of restaurants in Tanah Jawa District increased from the previous year. the previous year. So there are still many restaurant taxes that have not been achieved so that the government must be more active in collecting restaurant taxes from entrepreneurs so that income in the restaurant tax sector can increase.

In the Mining Sector C also experienced a decrease in income from 2015 to 2018 while in 2017 it experienced a very high increase, then in 2018 it experienced a very significant decline. Mining Sector C is the basic sector as seen from the average LQ but is still experiencing a decline, a very drastic decline in 2018 to 2015 which is 3.05 percent. And that has increased only in 2018 only.



In the HO sector (Distraction Permit) is one of the basic sectors in Tanah Jawa District where in 2018 it experienced a slowdown (0.89) while in 2018 it experienced a very high increase, from 0.89 in 2018 to 5,73 so that the increase is 4.84. In the Groundwater Tax sector, which experienced a slowdown from 2015 to 2015 9, in 2015 the Underground Water Tax sector still reached 2.10 while in 2018 it only reached 0.20 percent, this shows that the decline in the Tax Sector Groundwater is very high because of the inactivity of tax collectors. In the advertising tax sector, LQ has increased from 2015 (1.03) in 2016 (4.08) and in 2017 it decreased to (3.03) then in 2018 it experienced a high increase to (7.26) and in 2017 it decreased again to (1.20). The decrease in the Advertisement tax in 2017 occurred because there were a number of reduced billboards.

Based on the results of the calculation of the average LQ of PAD (Regional Original Income) in Tanah Jawa sub-district to PAD (Regional Original Income) in Simalungun Regency, all sectors that become PAD are referred to as the base sector because the average LQ is <1 , then the base sector in 2012-2016 seen from Local Original Income, namely restaurant tax, excavation C, HO (nuisance permit), underground water tax and advertisement tax.

3.4 Discussion

Economic growth is a change in the level of economic activity that applies from year to year. Therefore, to find out the level of economic growth, national incomes from various countries must be compared year. An economy is said to be growing or developing if the level of economic activity is higher than that achieved in previous time. In other words, development is only created when the physical quantity of goods and services produced in the economy it becomes bigger than the following years (Sukirno, 1985). To determine the rate of economic growth of a region, there are several things that can be seen, namely the amount of PAD, labor, the number of road infrastructure, and the number of industries. In the implementation of regional autonomy, financial sources originating from regional original income are more important than sources outside of regional original income, because regional original income can be used in accordance with regional initiatives and initiatives, while the form of government grants (non-PAD) is more binding. By extracting and increasing local revenue, it is hoped that local governments will also be able to improve their capabilities in administering regional affairs.

The results of the LQ calculation show that all Regional Original Income (PAD) in Tanah Jawa District is referred to as the base sector because $LQ > 1$. The highest LQ is the Advertising tax of 3.27. There are many billboards in densely populated areas as well as strategic areas such as Pematang Tanah Jawa as the capital of the sub-district. This area is a very good area to build billboards and also Balimbingan as an education center and the existence of PTPN IV Balimbingan. Boediono (2001) defines investment as expenditure by the producer sector (private) for the purchase of goods and services to increase the stock used or for factory expansion.

The type of food and beverage business is mostly located in Balimbingan Village because the area is very strategic where Balimbingan is an education center so that investors prefer to invest their capital in Balimbingan. However, with the rapid growth of food/beverage in Balimbingan Village, there are several problems such as the problem of place management, with this the government must make plans in managing the place and waste problems so that later Balimbingan village will not be chaotic because of the irregularity of the selling area. With the opportunity in Balimbingan Village, the Tanah Jawa District Government should be able to attract investors so that the food/beverage sector can develop even more. And there are several areas that are quite feasible to invest in the food and beverage sector, such as Marubun Jaya village and Tanjung Pasir village. Marubun Jaya and Tanjung Pasir which are villages that have a population density large enough so that the food/beverage sector deserves to be developed, Tanjung Pasir Village which is close to the sub-district capital so this village is also worth developing. If several villages can develop, the economic growth in the sub-district will also increase from income, namely tax contributions.



Labor is one of the most important indicators to see the rate of economic growth, where the workforce in Tanah Jawa District in 2010-2015 has increased every year so that labor is absorbed every year with an increase in population. However, there is still unemployment in Tanah Jawa District because the existing workforce has not entirely found work, so there is still homework for the local government to provide jobs by increasing Small and Medium Enterprises in Tanah Jawa District.

3 Conclusion

From the results of research and analysis that has been carried out, several conclusions can be drawn: The non-agricultural sector in the rate of economic growth deserves to be used as a mainstay sector or referred to as the base sector because all PAD sectors are: restaurant tax 1.54, excavation C 1.09, HO (nuisance permit) 1.87, underground water tax 1.04 and 3.27 advertisement tax. From the results of the LQ calculation that there are no non-base sectors. The occurrence of the rate of non-agricultural economic growth can be realized from the results of the number of food and beverage businesses that there is an increase in the types of food/beverage businesses, grocery stall businesses, restaurant businesses, coffee shop businesses and meatball stall businesses. The rate of economic growth in Tanah Jawa Subdistrict in the last year has increased as seen from the addition of the number of workers, and the development of trade can be seen from the increase in the number of trading businesses so that regional development can be realized in the Tanah Jawa Subdistrict.

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