

RESEARCH ARTICLE

ANALYSIS OF THE ACCELERATION OF INCLUSIVE ECONOMIC DEVELOPMENT IN NORTH SULAWESI PROVINCE (INPUT-OUTPUT APPROACH)

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Abstract— This study aims to identify and identify empirically: (1) What are the leading sectors that can promote inclusive economic development in North Sulawesi Province? (2) What is the impact of the leading sectors in increasing employment in North Sulawesi Province? (3) What is the impact of the leading sectors in increasing per capita income in North Sulawesi Province? Theoretically, the results of this study are expected to enrich and complement the knowledge of regional economic development, especially in determining the sector leading using Input-Output table analysis with the theory of Unbalance Growth, so that it can be useful for academics and practitioners as well as the region. The research area is North Sulawesi Province with available table analysis tools, namely the Input-Output table in 2014 and updated into the Input-Output table in 2018. The number of sectors in the table or 58 x 58 matrix. The table is divided into three quadrants, namely quadrant I of the transaction matrix, quadrant II the final demand component and quadrant III the Input component. Updating the Input-output table for 2018 was carried out using the RAS method with data collection using the non-survey method, namely based on data available at the Central Bureau of Statistics in North Sulawesi Province and other available data. Final demand component data is taken from BPS data on GRDP based on expenditure and household consumption SUSENAS data in the table year. Input components are taken from GRDP according to business fields and income. This research shows the results (1) Table IO in 2014 and 2018 each has 10 leading sectors (2) There is a change in one leading sector in the IO table in 2014 and 2018, namely the Chemical, Pharmaceutical and Traditional Medicine Industry sector in 2014 as the leading sector in the year 2018 changed to not superior and was replaced by the Animal Husbandry sector and its products. (3) Five of the ten leading sectors contributed the highest total multiplier, namely Construction; Health Services and Social Activities; Food and Beverage Industry; Air Freight; and Land Transportation. (4) The five sectors are Inclusive sectors. (5) Four Inclusive Sectors namely Construction; Food and Beverage Industry; Air Transportation and Land Transportation; contributed more to the Output multiplier, while the Inclusive Health Services and Social Activities sector was more dominant in the Labor Multiplier. Two Inclusive Sectors namely Construction and Food and Beverage Industry; although they are more dominant in the Output multiplier, these two sectors also have high income multiplier numbers compared to other Inclusive sectors. (6) three Inclusive sectors, namely Construction; Food and Beverage Industry; and Health Services and Social Activities are Priority Inclusive Sectors, namely sectors that play an important role in accelerating inclusive economic development in North Sulawesi Province.

Keywords: Leading Sectors, Inclusive Sectors, Priority Inclusive Sectors, Input-Output Table Analysis, Inclusive Economic Development

JEL Classifications: F2,G1,H3

I. INTRODUCTION

The ultimate goal of development is to create a just and prosperous society based on the philosophy and constitution of the Republic of Indonesia. However, realizing this goal requires a difficult process and achievement, it takes the role of all aspects in supporting and synergizing it. For this reason, in gathering the roles of all aspects, it is necessary to have a strategic planning system which we call development planning. Development planning is a method or technique to achieve development goals in a precise, directed and efficient manner in accordance with the conditions of a particular country or region.

Basically, development planning actually comes from economic development planning which aims to improve the welfare of society as a whole. As stated by Bintoro in the development planning book, the literature on social planning published before 1965 mostly uses the term economic planning because the ultimate goal is to increase economic welfare. So, based on this, the scope of this writing is specifically on economic development, because in principle the objectives of economic development and the notion of development in general both have the same goal, namely to improve people's welfare. This means that the benchmarks of the realization of development in all aspects are measured by the success achieved by development in the economic aspect. So it can be said that if the development objectives of the economic aspect are achieved, it will affect development in other aspects.

According to M.L Jhingan (in D. Guritno, 2016) development planning is deliberate control and regulation of the economy by a central authority (Government) to achieve certain goals and objectives within a certain period of time as well. However, we know that Indonesia is a very large country geographically and spatially, Indonesia has a variety of potentials that differ from one region to another, both natural resource potential, human resources, economic, social, cultural conditions and so on.

For this reason, in carrying out an effective and efficient economic development planning, the hierarchical process of economic development planning must be integrated into national, provincial and district / city development plans. Because in preparing regional development plans, it is not enough to just use national development plans, which later on these plans will be applied to other regions. This is in accordance with Law Number 25 of 2004 concerning the National Development Planning System which defines development planning as an integrated development planning procedure to produce long-term, medium-term and annual development plans, which are implemented by state administrators and the community at the level of development. central and regional. This means that the preparation of development plans should be made in a single unit that is interrelated, but must be adapted to local conditions and levels. If the arrangement is made the same at each level, it will cause disparities, because the capabilities of each region differ from one another, depending on the availability of resources.

Development planning patterns should be prepared based on regional conditions and economic structures so that development goals can be realized. Good development is development that is inclusive and not exclusive, that is, development that prioritizes equal access and opportunity for all components that are not only felt by a certain number of people. Inclusive development is important to help countries avoid the category of failed countries, Acemonglu and Robinson (2014). His explanation stated that countries whose politico-economic institutions are inclusive tend to have the potential to become rich countries. On the other hand, countries that are exclusive or so-called extractive tend to become failed states, which are characterized by large poverty and inequality, political and social instability, and a stagnant economy.

We can also see this in the relatively exclusive economic development in North Sulawesi. This is because, although the rate of economic growth is higher than the national average for Indonesia, the per capita income level is low and the unemployment rate is high. On the other hand, the poverty level is low and the Gini ratio tends to be close to zero. This shows that economic development in North Sulawesi Province is not yet inclusive. So it can be said that the majority of people's access to the role of society in Indonesia's economic development is very small due to the low absorption of labor and the level of income.

Specifically, inclusive economic development refers to an economic growth accompanied by equal economic opportunities for all people, Rauniyar and Kanbur (2009). Inclusive economic development focuses on creating economic opportunities and their access for all members of society of all groups or levels, not only for the poor. So that the core strategy in realizing inclusive economic development is collaboration, partnership and networking among members within a community.

There are several definitions or indicators used as references in measuring the index of inclusive economic development. However, in general the definitions and indicators issued by several international organizations are not yet accurate in responding to and reflecting the needs of inclusive economic development in Indonesia. This explanation is quoted from (Liputan6.com, 18/7/2018), by Bambang Brodjonegoro who at that time served as the head of the Indonesian National Development Planning Agency. According to him, there is a need for definitions

and indicators that can be measured in an index to reflect Indonesia's inclusive economic development. To obtain this index, Bappenas initiated the 2011-2017 National Inclusive Economic Development Index, which consists of three pillars, namely economic growth; income distribution and poverty reduction; as well as expanding access and opportunities.

Based on the description above, that in order to realize the goals of economic development, it must be based on inclusive economic development, the success of which is not only measured from one aspect, for example economic growth. However, inclusively, high growth can be accompanied by an even distribution of income or a declining Gini ratio, a reduction in the poverty rate, and expansion of access and opportunities with a high rate of increase in income and high employment for all groups.

Referring to the above indicators, to realize inclusive economic development in the province must also be based on national development planning. So that to analyze the inclusiveness of economic development in North Sulawesi Province which is the subject of this study, it can be seen from its macroeconomic conditions based on indicators of measurement of inclusive economic development.

In general, North Sulawesi Province is one of the provinces in Indonesia which in 2016 was declared a tourist destination. This is because the province, which is located in the northern part of the island of Sulawesi, has tourism potential which is quite potential and is evenly distributed in various districts / cities. North Sulawesi Province consists of 15 Cities / Regencies, each of which is divided into 4 Cities and 11 Regencies.

The success of development can be measured by the economic growth of a region. Economic growth in North Sulawesi province in 2018 has decreased compared to the previous year. However, based on data from the Central Statistics Agency (BPS), the economic growth in North Sulawesi over the last few years has always been above the national growth average. In 2018, North Sulawesi's economic growth reached 6.01 percent, while on a national scale it only grew by 5.17 percent.

The measure of the success of development is not only from the increase in the rate of economic growth. Because if the results of development are only measured from economic growth, it will negate the occurrence of equality in society to enjoy development results, Eric Maskin (2007). High economic growth does not necessarily indicate that economic conditions are good and that the whole community is prosperous. Because it is possible that this growth is only felt by a small proportion of people who have the resources and capital. Rapid economic growth will usually have an impact on inequality in income distribution.

Based on some of the macro data between the regions of North Sulawesi Province which are compared with Indonesia in the national average, it can be taken a fact that the economic growth of North Sulawesi Province is relatively high, the poverty level is low, the Gini ratio tends to decrease, while the per capita income level is low and unemployment high openness. So based on this it can be said that overall economic development in North Sulawesi Province is not yet inclusive, because the level of income per capita is low and unemployment is high. On the other hand, the poverty level is low, this situation is a very vulnerable economic situation because if an economic shock occurs which can cause poverty to increase and the income per capita is still low, it will have a negative impact on the economy of North Sulawesi in the aggregate.

Therefore, to anticipate this, a strategy is needed to increase per capita income and reduce the open unemployment rate. This is intended so that indicators in economic development in North Sulawesi will be inclusive, namely the fulfillment of indicators in inclusive economic development that have high economic growth, low levels of poverty, low inequality, high per capita income and relatively low open unemployment rates. This indicator can be realized by accelerating the aspects of inclusive economic development.

The realization of this development can be analyzed using a sectoral approach. According to Lanchovichina, Elena., Et al, 2009 that inclusive development focuses on economic development which is an important and urgent condition for reducing poverty. Inclusive Development takes a long-term perspective and focuses on supportive development.

In order for development to be supported in the long term, there must be expansion to various sectors. Must be inclusive of a country's workforce. Inclusion includes opportunities in market access, natural resources and an unbiased regulatory environment for businesses and individuals.

The above statement assumes that there is a need for expansion in various sectors that can support inclusiveness. Of course, this sector is a leading sector that has high forward and backward linkages to other sectors, and has a high multiplier effect on economic growth. So, if this sector develops, it will be able to make other sectors grow.

LITERATURE REVIEW

Inclusive Economic Development Paradigm

The economic development of a region can be measured through economic growth. This indicator provides an overview of the extent of regional economic activity in a certain period. Regional economic growth is basically

influenced by the cooperative advantages of a region, regional specialization, and the economic potential of the region. Utilization and development of all economic potential is a top priority that must be developed in carrying out regional economic development in a sustainable manner, (Nur Hidayati, 2012).

Based on the above definition, it can be interpreted that the higher the economic growth rate of a region, the better the economic development in that area. High economic growth can reflect good economic activity in increasing the per capita income of the community. However, measuring the success of development is not only measured by an increase in the economic growth rate. Because if the results of development are only measured by economic growth alone, it will negate the occurrence of equality in society to enjoy the results of development (Eric Maskin, 2007). Some economists argue that growth alone is not sufficient to solve the problems of economic inequality and poverty. Because economic growth only counts in quantity but not for quality.

Inclusive Economic Development Pillar

To define measures of inclusive economic development, a variable and indicator is needed to measure the success of economic development. So based on several references from the development planning journal "A Comparative Study of Inter-Provincial Inclusive Economic Growth in Indonesia 2010-2015 with Approach Methods of ADB, WEF, and UNDP", by Agnes Vera Yanti Sitorus and Ade Marsinta Arsani (2018), that There are several variables and indicators used, namely:

- a. The Pillars of Inclusive Economic Development according to the Asean Development Bank (ADB) are: economic growth, employment, economic infrastructure, poverty, inequality, gender, health and nutrition, education, water and sanitation, and social protection.
- b. The Pillars of Inclusive Economic Development according to the World Economic Forum (WEF), namely: education and skills development, public services and infrastructure, corruption, financial intermediation, ownership of assets and entrepreneurship, employment, and social protection
- c. Inclusive Economic Development according to the United Nation Development Program (UNDP), which consists of three pillars, namely poverty with an indicator measuring the percentage of poor people, inequality using the Gini ratio indicator and employment as measured by the inverse population ratio.
- d. According to the head of Bappenas, Bambang Brodjonegoro (www.liputan6.com, 18/7/2018), several variables and indicators for measuring inclusive economic development issued by these international organizations have not been able to reflect inclusive economic development in Indonesia. According to him, the right measurement in determining inclusive economic development can be done through index calculations. So that to initiate an index of inclusive economic development in Indonesia, Bappenas can take measurements through variables consisting of three pillars, namely economic growth; income distribution and poverty reduction; as well as expanding access and opportunities. While the indicators are the first pillar of economic growth as seen from the growth of GRDP; the second pillar, indicators of income distribution and poverty reduction seen from the Gini ratio and population poverty level; Meanwhile, for the expansion of access and opportunities, the indicators are per capita income and the open unemployment rate.

Input Output Analysis as a Development Concept

According to Lanchovichina, Elena., Et al, (2009) that inclusive development focuses on economic development whose priorities are important and urgent conditions to reduce poverty. Inclusive Development takes a long-term perspective and focuses on supportive development, namely as follows:

- a. In order for development to be supported in the long term, there must be expansion to various sectors.
- b. Must be inclusive of a country's workforce. Inclusion includes opportunities in market access, natural resources and an unbiased regulatory environment for businesses and individuals.

Based on the above statement, the concept of inclusive economic development can be realized by expanding in various sectors. This sector must be directed at the leading sectors that can give influence to other sectors to grow. This is adjusted to the ability of a region to place its limited resources. Thus, the priority sector development is the development of the leading sectors.

RESEARCH METHODOLOGY

Research Approach

The approach used in this research is a quantitative approach. Quantitative research is a systematic scientific study of the parts and phenomena and their relationships. The choice of this research approach was due to the main objective of this research, namely to further examine how to analyze the acceleration of inclusive economic development in North Sulawesi Province through input output analysis, so that it is hoped that the facts in the field related to economic development in the region can be known.

Research Location

The location in this study is North Sulawesi Province which includes 15 districts / cities consisting of 11 (eleven) districts and 4 (four) cities.

Types And Sources of Data

The type of data used in this study is secondary data. Secondary data according to Sugiyono (2015) is a data source that does not directly provide data to data collectors, for example through other people or through documents.

Input-Output Analysis Method

Determination of Linkage Quadrant Between Sectors

The determination of the linkage quadrant aims to group sectors that have a linkage index number, both forward and backward linkages. The grouping is divided into four quadrants, namely:

- a. Quadrant I is a sector group that has a high dispersion power index and degree of sensitivity, α and $\beta > 1$. Sectors in this quadrant are referred to as the superior sector or the carriage sector, namely sectors that have a strong attractiveness and incentive for other sectors to develop and grow.
- b. Quadrant II is a sector group that has a high sensitivity index, but the index of the degree of distribution is low, $\alpha > 1$ and $\beta < 1$. The sectors in this quadrant are called sectors that have a strong driving force but weak attractiveness.
- c. Quadrant III is a sector group that has a low dispersion power index and sensitivity degree index, α and $\beta < 1$. Sectors in this quadrant are called non-superior sectors because they have weak attractive and driving power.
- d. Quadrant IV is a sector group that has a high dispersion power index, but has a low sensitivity degree index, $\alpha > 1$ and $\beta < 1$. The sectors in this quadrant are said to have strong attractive power, but have strong the push is weak on other sectors.

The sector in quadrant I is the leading sector which is taken as a reference for the determination of sectors that can provide a stimulus to the growth of other sectors.

Determination of the Leading Sector Multiplier

After obtaining the leading sector in quadrant I, then a multiplier analysis of the leading sector effect is carried out which is determined from the amount of the output multiplier, the labor multiplier and the income multiplier. The magnitude of the increase in the multiplier effect can be done by simulating an increase in the final demand for each leading sector by 10% (ten percent) and its impact on the increase in all sectors.

The leading sectors that have the highest multiplier are those that can have an impact on increasing output, increasing income and absorbing labor.

Inclusive Sector Determination

After calculating the final demand increase simulation by 10% in each leading sector, we will find the leading sector which has the highest total multiplier both output, labor and income multipliers. The leading sector which has the highest impact above the 10% increase in the increase in final demand is referred to as the inclusive sector which is a strategic sector in overcoming economic problems in North Sulawesi Province.

RESULT AND DISCUSSION

North Sulawesi Input-Output (IO) Table Sector

The economic sector in the Input-Output (IO) table of North Sulawesi Province in 2018 was taken and compiled from the previous IO table, namely 2014, which amounted to 58 sectors. Thus, in calculating the matrix, the IO table for North Sulawesi in 2018 consists of 58 x 58 matrices. The magnitude of the matrix is the intermediate transaction value in quadrant I. Quadrant II consists of components of final demand, imports, trade and transportation margin and total output. Whereas in quadrant III it consists of primary input components, imports, and total inputs. Each component has a code denoted in numbers as a representation of the names of these components.

Determination of Leading Sectors

The results obtained from the 2014 and 2018 North Sulawesi IO table show that there are ten sectors that have high Backward Linkage (BL) and Forward Linkage (FL) and have values above the number one. Based on the quadrant classification, the sector is in quadrant I. Sectors that are in quadrant I are the key or leading sectors.

Quadrant I horizontal line of the Backward Linkage Index (IBL) above number 1 and the vertical line of the Forward Linkage Index (IFL) above number 1, there are several sector points which are the leading sectors. These sectors are the trade in cars, motorbikes & their repair; Food & Beverage Industry; Health Services & Social Activities; Construction; Sea Transportation; Chemical, Pharmaceutical & Traditional Medicine Industry; River, Lake & Crossing Transportation; Sea Transportation; Air Freight; Provision of Food and Drink.

However, there was a change in the leading sectors in 2014 & 2018. In 2014 the Chemical, Pharmaceutical and Traditional Medicines Industry sector with code 25 became one of the leading sectors. This means that this sector has an attractive power or Backward Linkage Index (IBL) and high driving power (Forward Linkage Index) above

number 1. However, in 2018 the sector changed its position to quadrant IV, namely a group of sectors that only have IBL above number 1 and IFL below number 1. This sector uses many other sectors as input material, but the output results from this sector cannot encourage other sectors to use them as raw materials.

On the other hand, another leading sector change is in the Animal Husbandry sector and its products. In 2014, this sector is in quadrant 2, namely IFL or high driving power but low attractiveness or IBL. In the IO table in 2018, this sector changed its position to quadrant 1, namely being the leading sector, IBL and IFL are both above number 1. Apart from these two sectors, the composition of the leading sectors has not changed.

Change of Leading Sector

There were changes in the leading sectors in 2014 and 2018. In 2014 the Chemical, Pharmaceutical and Traditional Medicine Industry sector was one of the leading sectors. However, in 2018, this sector was no longer a leading sector and its position was replaced by the Animal Husbandry and Products sector. This is due to changes in the supply and demand structure of each sector.

Structure of Demand and Supply of the Chemical, Pharmaceutical and Traditional Medicines Industry Sector

The demand structure consists of 3 components, namely intermediate, domestic and export demand. Meanwhile, the supply structure consists of inputs and imports. From 2014 to 2018 there was relatively no change in the demand structure for the Chemical, Pharmaceutical and Traditional Medicines Industry sector. The structure that has changed is only in the supply structure, namely Inputs and Imports. From 2014 to 2018, there was a substitution of the difference between Input and Import by 3 percent, Input experienced a reduction due to an increase in imports from 11 percent to 14 percent.

The increase in imports has an effect on decreasing the value of IBL or the attractiveness of using local raw material inputs. The IBL Input-Output value for this sector decreased from 1.16 points in 2014 to 1.12 in 2018. However, the IBL value is still in the strong attractive power category. A significant decrease in the index value occurred in its driving force or IFL, namely in 2014 it was at 1.23 points, in 2018 it changed to 0.87. This value shows that the power to encourage the Chemical, Pharmaceutical and Traditional Medicines Industry sector is weak because it is below number 1. This means that in 2018 this sector will no longer be a leading sector because it cannot encourage other sectors to develop and use it as raw material.

Structure of Demand and Supply of the Livestock Sector and Its Products

The Animal Husbandry sector and its products are one of the leading sectors that have experienced development from 2014 to 2018. In 2014 this sector is in quadrant II which has strong driving power but weak attractive power. However, in 2018 the position changed to quadrant I, namely the superior sector. The structure of demand and supply in the Livestock sector and its products has developed in most of the structural components. In the demand structure, two components, namely domestic and intermediate demand, experienced an increase in 2018 of approximately 2 percent, while the export component experienced a decline. This means that in 2018, the demand for this sector within the region was greater than that outside the region. Likewise, the supply structure also experienced an increase in 2018, namely the Input component by 2 percent, and the Import component falling at the same figure. The increase in the input structure indicates that in 2018 the livestock sector and its products use more local raw materials in the production process and reduce the use of imported raw materials. This is what makes this sector a leading sector in 2018.

Top Sector Multiplier Analysis

This analysis is used to see the impact of the leading sectors on the increase in the level of output, income and employment, which are very important factors in supporting the economic growth of a region. To calculate the magnitude of the impact, a simulation assumption is made of a 10 percent increase in final demand for each leading sector. The results of the simulation calculations can be used to see the extent of the impact of the sector on the economy.

In 2014 the construction sector was ranked first with a total increase of 53.84 percent, likewise in 2018, this sector still remained in the first position and the total increase in impact increased by approximately 4 percent to 57.91 percent. The Food and Beverage Industry sector in 2014 was ranked second with a total increase of 31.31 percent, but in 2018 the total increase in the multiplier decreased by 10 percent to 21.23 percent, so that the ranking of this sector changed to third place. The third ranking position in 2014 is occupied by the Health Services and Social Activities sector. This sector has an increase in total value of 23.21 percent. In 2018, the sector rose to second place with a total increase of 23.73. The increase in total value is not significant by only 0.5 percent, but the significance of the decrease in the total value of the Food and Beverage Industry sector has made the Service sector rise to second rank.

The other two sectors, namely the Air Transport and Land Transportation sector respectively are ranked fourth and fifth in 2014 and 2018. The Air Transport sector has increased by 4 percent in 2018 to 15.70 percent of the total

value in 2014 of 11,45 percent. Meanwhile, apart from the sectors mentioned above, other sectors are the trade in cars, motorbikes and their repair; Animal Husbandry and Its Products; Sea Transportation; Provision of Food and Drink; and River, Lake and Ferry Transportation; the total value of the increase is low so that it is not effective to increase the multiplier effect of economic development in the area.

Inclusive Sector Determination

The simulation results of a 10 percent increase in final demand in each sector have an impact on the multiplier increase in output, income and labor in all sectors. A leading sector that has a high multiplier increase is an effective and efficient sector to be pushed to become a priority or main sector in economic growth and development in North Sulawesi Province. The magnitude of the increase in the multiplier for each sector varies. Of the ten Leading Sectors in 2014 and 2018, 5 (five) sectors are in the top rank, namely the Construction sector, Food and Beverage Industry, Health Services and Social Activities, Air and Land Transportation.

These five sectors are sectors with the highest multiplier effect compared to other sectors. A sector that has a high multiplier can have a positive impact on economic development in a region, if the sector is used as a stimulus to support the regional economy. This sector can be a solution in addressing macroeconomic problems that occur in North Sulawesi. So it can be concluded that the 5 (five) sectors above are sectors that are inclusive of economic development in North Sulawesi.

The Inclusive Sector in 2014 and 2018 are the same, but the contribution of value given to the multiplier effect is different.

Inclusive Sector Multiplier Analysis

To solve the economic problems that occurred in North Sulawesi Province, namely the low income and high open unemployment, it is necessary to carry out an analysis of the sectors which are more likely to contribute to the increase in income and employment. The Inclusive Sector which has a high Output Multiplier rate is a sector that can stimulate economic activity, due to high production activities in that sector. Likewise with sectors that have a high income multiplier or income, meaning that these sectors can have an impact on a fairly high increase in people's income. Multiplier Labor or labor is also very important for the sector, because if a sector has this multiplier, the sector can be a source of strength in supporting the increase in labor absorption and reducing the unemployment rate.

The multiplier number of Output, Income and Labor (Labor) from the Inclusive Sector varies. The distribution of the multiplier that is owned by each sector also varies. there was a change in the multiplier in the Inclusive Sector in 2014 and 2018. The Construction Sector has the largest multiplier than other Inclusive Sectors. The multiplier contribution provided by the sector is more dominant in the output multiplier. Most of the Inclusive Sectors, both in 2014 and 2018, both had a multiplier output that was greater than the multiplier income and labor. The Inclusive Sectors which have a more dominant Output Multiplier are the Construction Sector, the Food and Beverage Industry Sector, Air Transport and Land Transportation. While one sector, namely the Health Services and Social Activities Sector, the direction of the radar tends to be towards the Labor Multiplier compared to other multipliers.

If a sector shows a larger Output Multiplier, then this means that the impact that will be given by the sector will be greater on the increase in output in all sectors. Likewise, if a sector tends to show a larger Multiplier Income or Labor, then the impact of the addition of final demand in this sector will have more effect on an increase in income or labor income and absorption.

Four Inclusive Sectors, namely the Construction Sector, the Food and Beverage Industry, Air Transport and Land Transportation, tend to have a larger Multiplier Output. While one other sector, namely the Health Services and Social Activities sector, shows a more dominant Multiplier Labor. This means, if there is an additional final demand in the four sectors above, it will have an impact on the increase in the Multiplier Output figure which is higher than the Multiplier Income and Labor in all sectors. Likewise, if the additional final demand occurs in the Health Services and Social Activities sector, it will have more impact on the increase in labor or employment than output or income. Meanwhile, if viewed from the five Inclusive sectors, the sectors that support the multiplier income are the construction and food and beverage industries, because these two sectors have the highest multiplier income compared to other sectors. So, to answer the problems of economic development in the North Sulawesi Province that are not yet inclusive of per capita income and labor absorption, the top priority is the three inclusive sectors, namely the construction sector, health services and social activities and the food and beverage industry. These three sectors can be called 'Priority Inclusive Sectors'.

Structure of Supply and Demand for the Inclusive Sector

Based on the final results of the sector analysis in the IO table for 2014 and 2018, there are five inclusive sectors which are the solution sectors in answering and resolving economic problems in North Sulawesi. For this reason, it is necessary to carry out further analysis of the structure of demand and supply in each Inclusive sector in order to identify strategic sector steps that can be implemented to support regional economic development.

Structure of Demand and Supply in the Construction Sector

The construction sector plays a major role in increasing output, income and employment for all sectors in the IO table for two year periods in North Sulawesi. This sector is the largest multiplier supporting sector in the regional economy. Therefore, this sector is one of the key sectors that need to be developed as a strategic step for inclusive economic development in North Sulawesi.

There was a change in the structure of demand and supply in the construction sector in 2014 and 2018. The supply structure which consists of two components, namely Input and Import, has increased and decreased subsidies. In 2018, there was an increase in the Input structure by 8 percent and a decrease in imports by the same amount. This means, in carrying out production the construction sector uses a lot of local raw materials and reduces the use of imported raw materials. This condition has a very positive effect on all forming production sectors or the built-in input structure of the construction sector, because if there is an additional final demand in the construction sector, it will be able to attract other sectors to carry out production.

Another case is the structure of demand for the construction sector which consists of intermediate, domestic and export demand. In 2018, the structure of intermediate demand and exports of this sector experienced a decline. Meanwhile, the structure of domestic demand (household consumption, government consumption and investment) has increased. The increase in domestic demand in this sector is dominated by investment.

The decline in demand among the construction sectors may explain that the development of this sector does not depend on other sectors. In fact, the decline in export demand for this sector means that the sector needs to be developed to make it more competitive, so as to encourage this sector to further increase demand for exports outside the region. On the other hand, an increase in domestic demand for investment may indicate that the development of this sector is highly dependent on investment demand.

Structure of Demand and Supply of Health Services and Social Activities Sector

Based on the results of the multiplier analysis, the Health Services and Social Activities sector is the only sector of the five Inclusive sectors that is more dominant with a fairly high labor multiplier compared to other multipliers. This means that any increase in the final demand for the sector will have more impact on reducing unemployment and employment. Why is that? Because this sector is engaged in services, which automatically requires performance activities from a larger number of workers to carry out production. So it is very clear that this sector is very important to be developed because it can provide solutions to the inclusiveness of regional economic development.

In 2018 there was a change in the supply structure of the Health Services & Social Activities sector, while the structure of demand was relatively unchanged. Changes in supply are in the input component which increases and imports decreases. This is a very positive thing for the development of the input structure forming the Health Services & Social Activities sector, because the increase in input in this sector and the decrease in imports means that this sector uses a lot of local raw materials and reduces imported raw materials.

In addition, the demand structure did not experience changes in either domestic or export demand. Especially if we look at the relatively non-existent export structure. This shows that the sector has no competitiveness, so it needs to be developed in order to encourage the sector to export.

Structure of Demand & Supply in the Food & Beverage Industry Sector

The Food & Beverage Industry sector has the second highest total multiplier after the Construction sector, while in 2018 it changed to the third position after the Construction sector was in first place and the Health Services & Social Activities sector ranked second. There was a change in the ranking position in 2014 to 2018 in the Food and Beverage Industry sector from rank 2 to rank 3. This means that there is a decrease in the multiplier level in the sector. In fact, if you look at the five sectors that are included in the Inclusive sector, only the Food and Beverage Industry sector represents the Industrial sector which supports the secondary sector. For this reason, it is necessary to re-analyze the supply and demand structure of the sector so that the results of the analysis can be used as a basis for developing the sector.

The supply structure experienced a decline in the level of imports in 2018. This is a very positive thing for the development of the local sector because it will increase the use of local raw materials for its input structure. Another case with the structure of demand in this sector, there was a decline in export and domestic demand, but demand for them actually increased. The increase in intermediate demand from these sectors means that this sector contributes a lot to the development of other sectors because it is widely used as raw material for production. While the cause of the decline in ranking of this sector is due to a decrease in domestic demand for household consumption, this means that the sector is still dependent on the level of household income due to price changes, so that it also has an impact on decreasing export demand due to an increase in the value of inputs which causes the sector's competitiveness to decrease.

However, a significant decline in export demand indicates that the competitiveness of the Food and Beverage Industry products has also decreased so that it cannot compete with products from the Food and Beverage Industry

sector from other regions. The decline in export demand in this sector is the cause of the change in the sector's total multiplier ranking from second to third. For this reason, the development strategy of this sector can be carried out by improving product quality in order to be competitive and to provide a high contribution to exports.

Structure of Demand and Supply of the Air Transport Sector

The Air Transport sector is one of the Inclusive sectors in North Sulawesi. This is relevant to regional economic excellence and policies as one of the tourist destinations of 10 (ten) regions in Indonesia. This policy has a direct impact on increasing the tourism sector and the tourism support sector, one of which is the Air Transport sector. This tourism support sector is important to develop because it plays a very important role in the success of tourism in North Sulawesi.

The decline in imports in the supply structure for the Air Transport sector in 2018 indicates that this sector has further increased the use of local raw materials. However, it also automatically increases the Intermediate Input from the sector. Which means that this sector depends a lot on other sectors for its development. If the input structure rises, the price of that sector will also increase, so that it will reduce revenue and profit and the sector's production activity will decrease.

When viewed from the structure of the request, it has not significantly changed. It's just a slight decline in export demand. Exports of transportation services are strongly influenced by other industrial and service sectors. Overall, the level of exports from most economic sectors has decreased, thus affecting the decline in the Air Transport sector. Even though export demand has decreased, it still shows positive net exports in 2018 compared to 2014 where net exports were negative.

Structure of Demand and Supply of the Land Transportation Sector

As one of the tourist destinations in Indonesia, the land transportation sector in North Sulawesi Province is increasing. This increase was also triggered by the emergence of online land transportation, which has become the choice of transportation for local people and visitors. The emergence of online transportation has had a positive impact on the development of the land transport sector in the area.

Judging from the structure of demand and supply, there is no significant change in the land transportation sector. When analyzed from its Supply structure, there is a slight increase in its Input structure. This means that in carrying out production activities, the use of raw materials is done more so that it attracts other sectors to participate in production activities. However, the increase in the Input structure also indicates that this sector depends a lot on other sectors to develop. However, the raw materials used are mostly local raw materials because the import structure has decreased.

On the other hand, if it is analyzed from the structure of demand, there is an increase in demand, namely that this sector is widely used by other sectors as raw material for production. The land transportation sector is a key sector in the development of other sectors.

CONCLUSION AND SUGGESTION

Conclusion

At the macro level, the problems of economic development in North Sulawesi are not inclusive at the level of per capita income and open unemployment. Macro data from 2011 to 2018 shows that the level of per capita income is quite low and the unemployment rate is relatively higher above the national average. So, to anticipate this problem, it is necessary to accelerate economic development which is inclusive of two variables that are not yet inclusive.

On the other hand, seeing the condition of the area which is still classified as a developing area, of course, has limited resources. For this reason, in the midst of these limitations and in accelerating inclusive economic development, it is necessary to make strategic steps, namely by analyzing and determining economic sectors that can actually have a positive effect on the growth of other sectors. This sector is a leading sector that is able to have an impact on increasing economic activity, increasing income and absorbing labor. So that the problem of inclusiveness of economic development in North Sulawesi can be resolved.

This is based on the theory used in this study, namely Unbalanch Growth and Basis Theory. The two theories place the leading sector as a strategic sector in overcoming regional economic development problems. So that the analysis tool used to support the achievement of goals in finding strategic superior sectors is the analysis of the Input-Output (IO) table.

Inclusive sector development strategies are carried out by analyzing the structure of demand and supply. The results show that most of the Inclusive sector still depends on domestic demand for household consumption or the level of purchasing power and people's income. Likewise, the level of exports of the Inclusive Sector has mostly fallen, meaning that the sector has no competitiveness.

Suggestion

- a. Based on the results of this study which recommends the Inclusive sector as a sector that can accelerate economic development in North Sulawesi Province, the Government needs to consider these results and place the results of these recommendations as a basis for making policies to accelerate economic development in the regions.
- b. Whereas most of the inclusive sector still depends on domestic demand for household consumption. This means that the sector depends on the purchasing power and the level of public income, so that an increase or decrease in the price level will greatly affect the development of the sector. If the price rises, the people's purchasing power will decrease and it will automatically reduce the level of public income and domestic demand, and vice versa. So that to develop it requires the role of other domestic demand, namely investment and government spending that can provide solutions to increasing the level of income of the community, either directly or indirectly without being influenced by price levels.
- c. The decline in the level of exports also affects developments in the Inclusive sector. For this reason, the competitiveness of the sector needs to be improved by maintaining and increasing the quality and quality of the sector so that it is always above the average standard fit for export.

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