

CHAPTER IV

BROAD IMAGE OF RESEARCH OBJECT

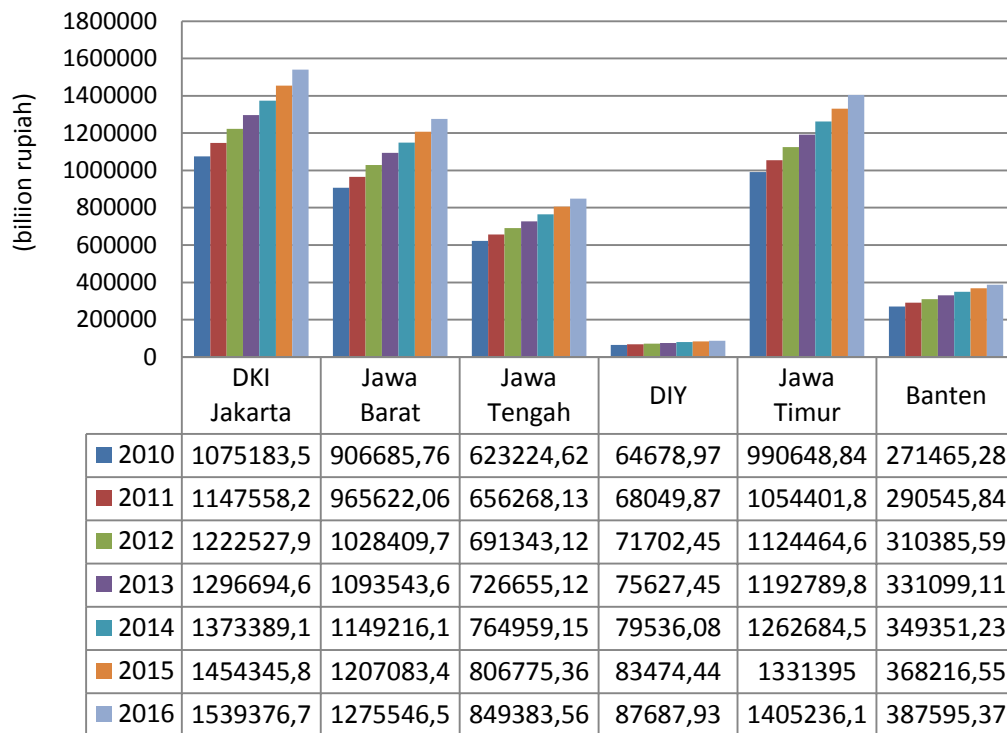
A. Economic Condition in Java

According to Bappenas (2017), in the first quarter of 2017, the whole island in Indonesia experienced positive growth with the highest average economic growth in Java and Sulawesi. The average growth of the two islands is higher than the average growth of all 34 provinces in Indonesia. The average economic growth in Java is 5,7 percent (year on year), increasing from the first quarter and fourth quarter of 2016 respectively by 5,4 percent (year on year) and 5,5 percent (year on year). The development of regional contribution to GDP in the first quarter of 2017 changed although the largest contribution to GDP remained dominated by Java. The contribution of Java increased by 0,6 percent and the previous quarter, but smaller than the first quarter of 2016, which is 58,8 percent (Bappenas, 2017).

The three largest economic contributors in Java are DKI Jakarta, East Java and West Java with proportion to GDP of 17,4%, 14,6%, and 12,9% respectively. In the first quarter of 2017, the economy of DKI Jakarta grew by 6,5 percent (year on year). This growth is higher than the first quarter of 2016, which is 5,7 percent (year on year) and fourth quarter of 2016, which is 5,5 percent (year on year). The contribution of DKI Jakarta to the economy

increased compared to the first quarter and fourth quarter of 2016, which is 17,3 percent and 17,2 percent respectively.

GRDP is the amount of gross added value arising from all sectors of the economy in a region or province. The definition of gross added value is the value of production (output) minus the intermediary cost. The components of factor income (wages, salaries, interest, rents and profits), depreciation and net indirect taxes. So by calculating the gross added value of each sector and then summed, it will result in the Gross Regional Domestic Product (GRDP). One of the benchmarks of economic development success required for macroeconomic evaluation and planning is usually seen from the growth of GRDP figures, either at current prices or based on constant prices. In this study, the GDP used is GDP at constant prices in Java from 2010 to 2016 whh can be seen in Figure 4.1 below.



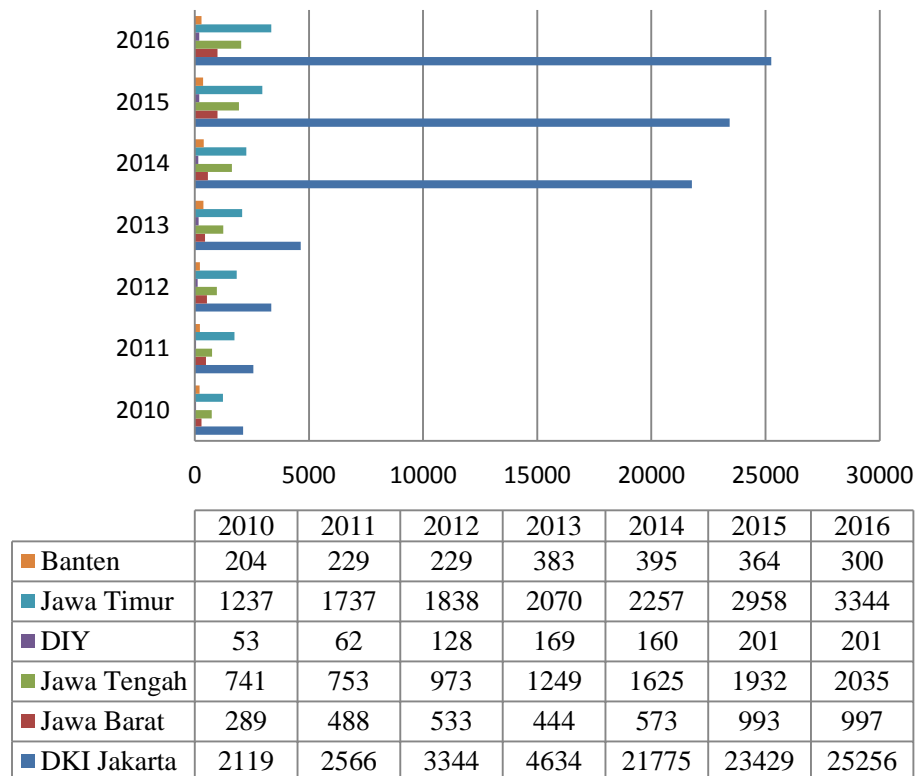
Source: BPS, processed

Figure 4.1 GRDP Growth in Java period 2012-2016 (billion rupiah)

Figure 4.1 above shows that GRDP development in every province of Java has increased from year to year ie in 2012 until 2016. DKI Jakarta province who has the highest GRDP in Java has increased from year to year GRDP which in 2012 amounted to Rp. 1.222.527,92 (Billions) then increased in 2016 to Rp. 1.539.376,65 (Billions). This shows the economic development of six provinces in Java has been running well for the last five years. If seen the province with the highest GRDP in 2016 is located in the Province of DKI Jakarta for Rp. 1.539.376,65 (Billions), while the lowest GRDP in 2016 is Daerah Istimewa Yogyakarta for Rp. 87.687,93 (Billions).

B. Development of Government Expenditure on Health Sector in Java

The health sector is an important part of the effort to build the quality of human life. Fulfillment of health needs by the government is one of the government's obligations to meet the basic needs of its population. Steps taken by the government to build the health sector can be seen from public expenditure on health. The seriousness of the government has been shown by the Law No. 9 of 2009 on health that requires a health budget of 5% of state expenditure. According to (Mangkoesubroto, 2008: 169) as cited in Atahrim (2013), government expenditure reflects government policy. If the government has established a policy to purchase goods and services, government expenditures reflect the costs incurred by governments to implement the policy. The development of government expenditure on health in Java from 2012-2016 can be seen in Figure 4.2 below.



Source: DJPK, processed

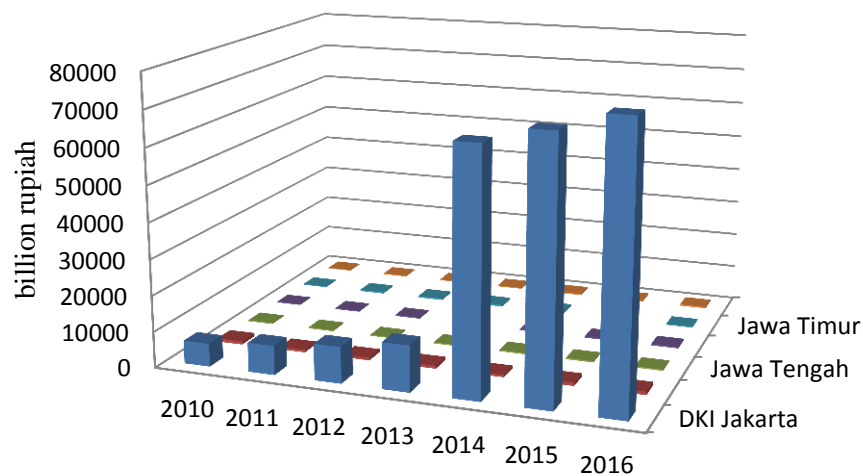
Figure 4.2 Government Expenditure on Health Sector in Java period of 2010-2016

From Figure 4.2 above shows that from 2010 to 2016 government expenditure in the health sector has a constant trend. Increases and declines do occur over a period of time, but not frequently and many. DKI Jakarta Province experienced an increase in government expenditure in the health sector from 2010 to 2016. There are 3 provinces that experienced an increase in government expenditures for the health sector namely the Provinces of DKI Jakarta, Central Java and East Java. Meanwhile, West Java, Daerah Istimewa Yogyakarta and Banten Province experienced fluctuations in health expenditure for 7 years from 2010 to 2016.

C. Development of Government Expenditure on Education Sector in Java

Education regarding the development of knowledge and expertise and skills of human and labor in the development process. Associated with its enormous contribution in economic development, then education is said as human capital. Education is one of the human resource investment in order to obtain a better life. Through adequate education, the poor will have a better chance of getting out of poverty in the future.

The education sector is one of the fundamental sectors for a country. Education becomes the determinant factor of quality of human resources which will then contribute to the development of the country. So it is the responsibility of the government to ensure the implementation of education with good quality. The steps taken by the government to build the education sector can be seen from government expenditure on education. The seriousness of the government has been shown by the Law no. 20 of 2003 which requires education budget at least 20% of state expenditure. The development of government expenditure in the education sector in Java from 2010 to 2016 can be seen in Figure 4.3 below.



	2010	2011	2012	2013	2014	2015	2016
■ DKI Jakarta	6424	8115	10120	12815	66798	71191	76174
■ Jawa Barat	939	685	736	832	685	900	949
■ Jawa Tengah	306	307	301	319	324	388	379
■ DIY	157	254	274	251	327	352	356
■ Jawa Timur	253	385	449	515	531	544	251
■ Banten	186	216	250	301	342	395	408

Source: DJPK, processed

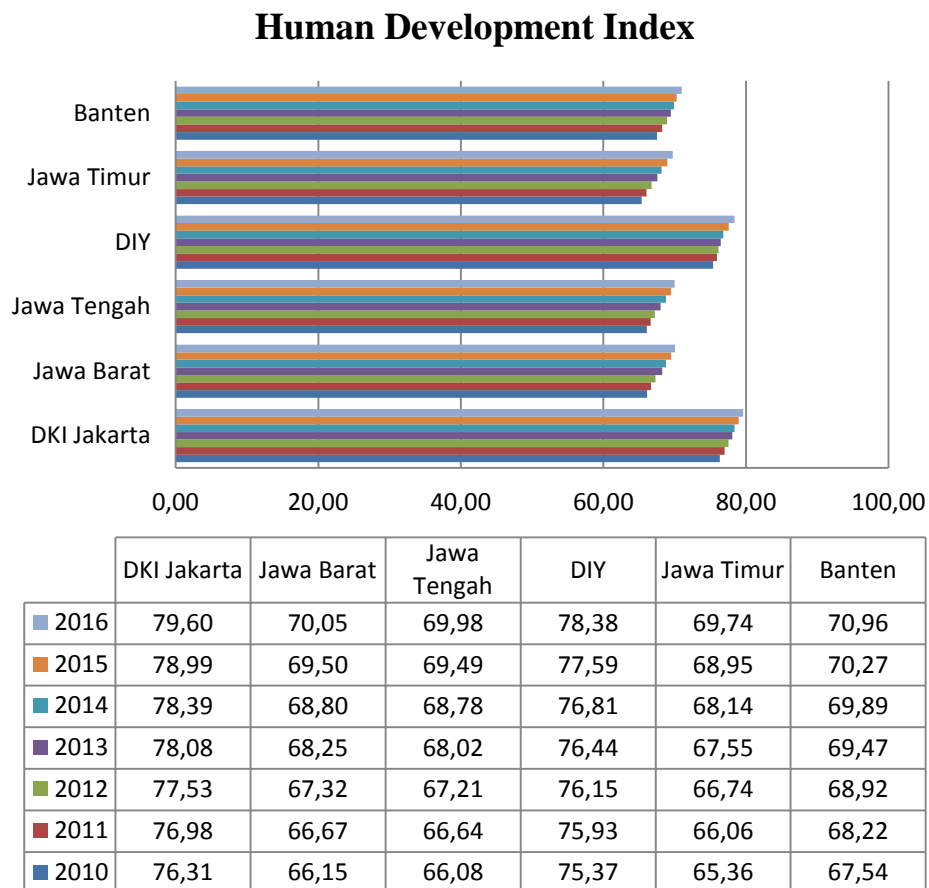
Figure 4.3 Government Expenditure on Education Sector in Java period of 2010-2016

If seen from Figure 4.3 above shows that since 2010-2016 government expenditure in the education sector has an upward trend in 2 provinces of DKI Jakarta and Banten. While the provinces experiencing fluctuations in government expenditure in the education sector are the provinces of West Java, Central Java, East Java and Daerah Istimewa Yogyakarta. In the period 2010-2016, the education budget has a constant trend because there is an increase and decrease but not too many. DKI Jakarta Province has risen very rapidly increase from the year 2013 of Rp. 12.815 billion increased to Rp. 66.798 billion in 2014, then increased steadily until 2016. Meanwhile, Daerah

Istimewa Yogyakarta which has the epithet of the student city experienced fluctuations in government expenditure in the education sector. In 2011, the government of DIY issued an education budget of Rp. 254 billion, then in 2012 increased by Rp. 274 billion. However, the decline in government expenditure on education in DIY has decreased in 2013 to Rp. 251 billion. Government expenditure fluctuations in the education sector also experienced other provinces in Java during 2010 to 2016.

D. Development of Human Development Index in Java

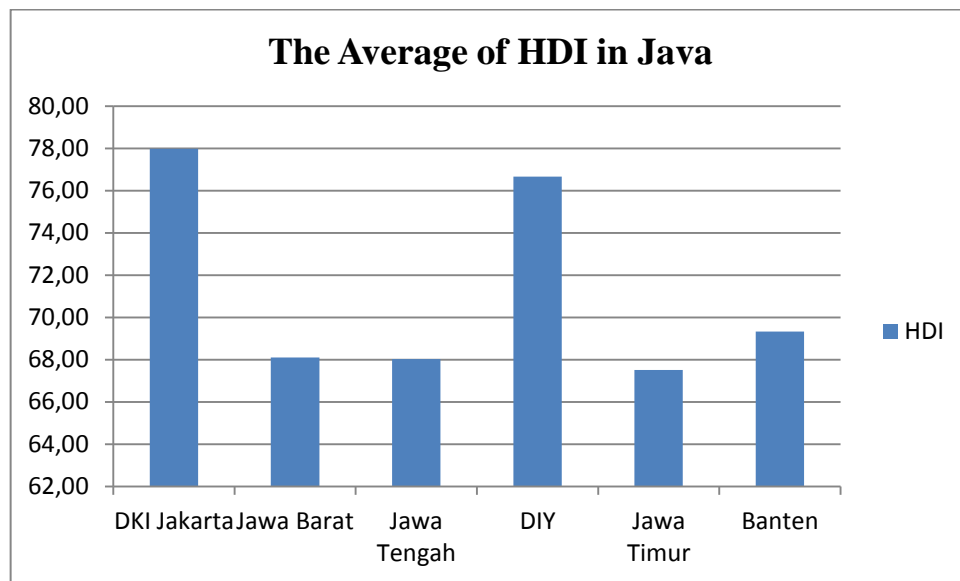
Human Development Index (HDI) is a composite indicator that is selected and to assess comparative human development between regions or interim development. This index was officially introduced by UNDP (United Nations Development Program) in 1990 and since 1996 began to be calculated at the provincial and district level or city in Indonesia. HDI is composed of four indicators that illustrate the three most fundamental dimensions of human development. The dimensions of life opportunity are measured by indicators of life expectancy of the population at birth. The dimension of knowledge is measured by two indicators, namely the expected years of schooling and the mean years of schooling of the working-age population. A decent standard of living is measured using real per capita income indicator that has been adjusted for purchasing power (Purchasing Power Parity / PPP) in the region concerned. The Human Development Index data in Java from 2010 to 2016 can be seen in Figure 4.4 below.



Source: BPS, processed

Figure 4.4 Human Development Index in Java period of 2010-2016

The Human Development Index in Java during the period 2010-2016 shows increasing progress. All provinces in Java experienced significant increases in HDI every year. In Figure 4.5 shows the average of the highest HDI in Java in 2010 until 2016 is achieved by DKI Jakarta at 77,98, followed by Daerah Istimewa Yogyakarta Province at 76,67. Meanwhile, the average of the lowest HDI in Java period of 2010 until 2016 is achieved by East Java at 67,51.

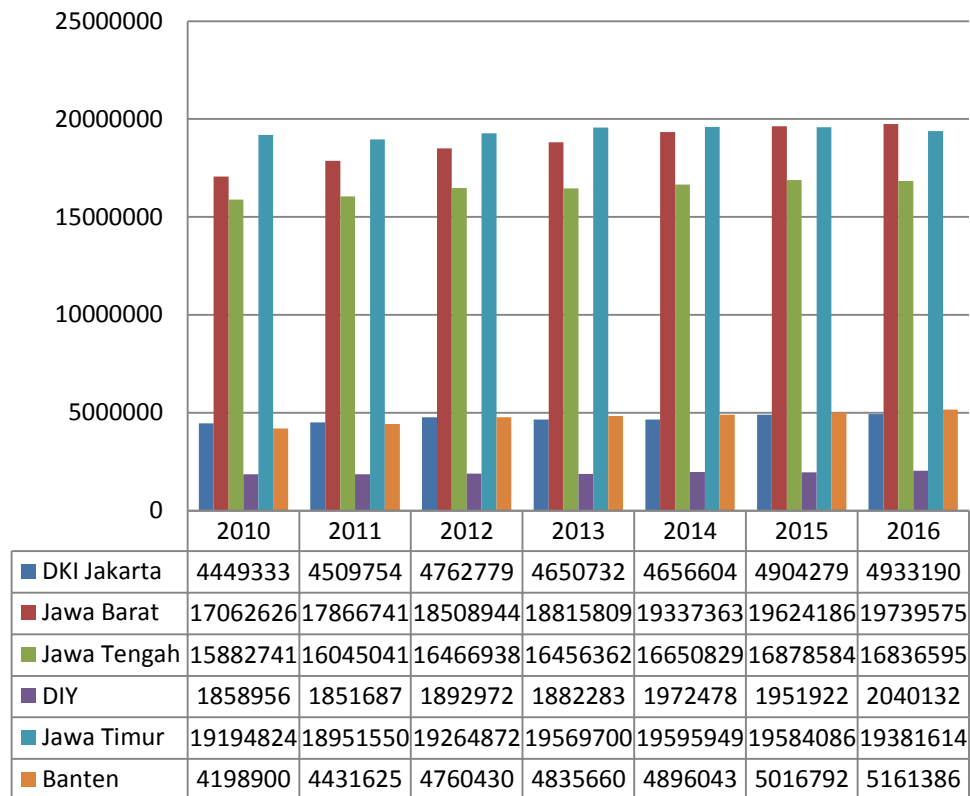


Source: BPS, processed

Figure 4.5 The Average of Human Development Index in Java period of 2010-2016

E. Development of Working Labor Force in Java

According to Disnaker (2006: 54) as cited in Atahrim (2013), the labor force is the working age population (aged 15 years or more) during the week prior to enumeration worked or have a job but temporarily not working but looking for a job, while those who not included in the labor force are those who for the past week only attend school (student), take care of the household, and those who do not conduct activities that can be categorized as workers, while not working or looking for work. The development of labor force who worked in Java period of 2010 until 2016 can be seen in Figure 4.6 below.



Source: BPS, processed

Figure 4.6 The Number of Working Labor Force period of 2010-2016

The growth of working labor force in Java tends to fluctuate period of 2011 until 2016. The province experienced an increase continuously in the number of working labor force is in West Java and Banten. While the provinces experienced fluctuations in the number of working labor force are DKI Jakarta, Central Java, Daerah Istimewa Yogyakarta and East Java. Based on Figure 4.4 above shows that East Java Province has the highest number of working labor force in Java from 2010 until 2016. The province with the lowest number of working labor force in Java period of 2010-2016 is Daerah Istimewa Yogyakarta.