

## ANALYSIS OF ECONOMIC GROWTH AND EXPORT DEVELOPMENT OF BANGKA BELITUNG ISLANDS

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**Abstract:** *Economic growth is one indicator to measure that an area is prosperous and prosperous, while exports are one of the efforts to increase economic growth. Indonesia's economic growth in Quarter III-2021 grew by 3.51 percent when compared to Quarter III-2020 (y-on-y), and the development of Indonesia's export value in September 2021 reached US\$ 20.60 billion, down 3.84 percent compared to exports in August 2021. With national conditions that will affect regional economic growth, the Bangka Belitung Islands Province's economic growth rate at the end of 2020 has decreased by negative 2.30% and the value of nomigas exports is negative 8.96%. By using a regression analysis tool, it is found that economic growth for the 12 quarters of the period 2018 to 2020 is positively correlated with export developments, which is 0.247 positive. The correlation value is in the low or weak category. Meanwhile, the effect of exports on economic growth is 0.061 or 6.1%. Efforts to increase economic growth can apply the theory of economic growth, implement strategies to increase exports, because there is a strength possessed by the Province of the Bangka Belitung Islands in the form of production factors.*

**Keywords:** *Economic Growth and Export Development.*

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### 1. Introduction

Economic growth can be an indicator or measure of the achievement of the level of prosperity and welfare, so that every country and region makes efforts to increase the level of economic growth. The state of Indonesia's economic growth in Quarter III-2021 experienced a growth of 3.51 percent when compared to Quarter III-2020 (y-on-y). The growth rate that experienced the highest increase was in the field of health services and social activities, which amounted to 14.06 percent, on the production side, while from the expenditure side, which experienced the highest growth of 29.16 percent was the component of exports of goods and services. If the economic growth in Quarter III-2021 is compared with Quarter II-2021 (q-to-q), it grows by 1.55 percent.

Meanwhile, in terms of production, economic growth in Quarter III-2021 (q-to-q) in the field of health services and social activities experienced the highest growth of 16.10 percent compared to Quarter II-2021 (q-to-q). Meanwhile, in terms of expenditure, exports of goods and services increased with the highest growth of 9.28 percent. This level of economic growth has not reached the figures in previous years, due to various events, especially Covid-19 by

implementing PPKM, thus hampering mobility which ultimately disrupts overall economic activity.

The following is the development of Indonesia's export value in September 2021 reaching US\$ 20.60 billion, down 3.84 percent compared to exports in August 2021. When compared to September 2020 the export value increased by 47.64 percent, non-oil and gas exports in September 2021 reached US\$ 19.67 billion, down 3.38 percent compared to August 2021.

The following is data on economic growth and export development of the Bangka Belitung Islands for 3 years:

**Table 1**  
**Economic Growth and Export Development**  
**Year 2018 – 2020**

No	Indicator	2018	2019	2020
1.	GDP (%yoy)	4,45%	3,32%	-2,30%
2.	Overseas Export	-0,68%	-16,70%	-8,96%

Source: Economic Report of the Province of Kep. Babylon February 2021

Based on the table above, it can be explained that economic growth on the basis of Gross Regional Domestic Product (GDP) has decreased every year, while the development of foreign exports in 2019 has decreased, and in 2020 foreign exports have increased, although the growth rate is still negative.

## **2. Underlying Theory**

### **2.1. Economic Growth Theory**

According to Sukirno (2000), economic growth is an increase in output per capita in the long-term; the emphasis is on three aspects, namely process, output per capita, and the long term. Process, output per capita and long term are aspects that must be implemented in economic growth.

The following are theories of economic growth (Sukirno, 2006). :

- 1) Classical Growth Theory. According to this theory, economic growth is influenced by four factors, namely the population, the amount of capital goods, land area and natural resources and the technology used. In this theory, the focus is on increasing population growth which can cause slowing economic growth. Limited land area and natural resources as well as the use of technology that is not carried out can become obstacles to economic growth.
- 2) Neo Classical Growth Theory. Neo-Classical theory has developed since the 1950s. Continues to develop based on an analysis of economic growth according to the classical economic view. In neo-classical theory, economic growth depends on the demand and supply of factors of production and the level of technological progress. Demand and supply of factors of production depend on the number of goods and services to be produced, especially the demand for factors of production of natural resources, human resources and capital factors.
- 3) Harrod-Domar Growth Theory. Harrod-Domar's growth theory is a direct development of John Maynard Keynes' macro growth theory. According to Harrod-Domar, every economy basically has to reserve or save a part of its national income to add or replace capital goods. To spur the process of economic growth, new investment is needed which is a net
- 4) Schumpeter's theory. This theory emphasizes the innovations made by entrepreneurs and says that technological progress is largely determined by the entrepreneurial spirit in the

community who is able to see opportunities and dare to take risks in opening new businesses, as well as expanding existing businesses.

## **2.2. Gross Regional Domestic Product.**

According to Setiawan and Handoko (2005) GRDP is the amount of added value of goods and services generated from all economic activities in all regions in a certain year or a certain period and usually one year.

According to BPS, the Gross Regional Domestic Product (GRDP) data is useful as (bps.go.id): 1) Indicators to determine the economic growth of a region, 2) Materials for analyzing the level of community prosperity and the rate of change in goods and services, 3) Materials for analyzing productivity in general. sectoral and, 4) Control tools in determining development policies.

GRDP which shows growth means an increase in the income per capita of the community, the production factors are already working and are supported by various regulations in the economic field. Apart from that, the development policies that have been made have not been able to contribute to economic growth, so it is necessary to evaluate and control these policies.

## **2.3. Export**

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## **2.4. Factors Affecting Economic Growth.**

According to Sukirno (2010), there are five factors that influence economic growth, namely: 1) Human Resources, 2) Natural Resources, 3) Knowledge and Technology, 4) Culture and, 5) Capital Resources.

The five factors that influence economic growth can have positive and negative effects in order to increase economic growth. Increased economic growth is always expected for the prosperity and welfare of the people.

## **2.5. Factors Affecting Export Development.**

According to Ekananda (2014) that the factors that influence exports and imports include: 1) Consumer tastes for goods produced at home and abroad, 2) Prices of goods at home and abroad, 3) Exchange rates ( exchange rate) which determines the amount of domestic currency needed to buy a certain amount of foreign currency, 4) The income of consumers at home and abroad, 5)

The cost of carrying goods from one country to another, 6) Government policies towards international trade.

Based on this theory, the factors that influence the increase in exports are the tastes of foreign consumers for domestically produced goods, the prices of goods sold abroad are more expensive, the exchange rate of exporting countries is better, the income level of foreign consumers is higher. larger than domestic consumers, cheaper transportation/shipping costs and support from government policies on international trade by, for example, facilitating the issuance of export permits, applying low export taxes or duties, even zero percent.

### **3. Research Method**

The research methodology in this study uses a qualitative approach and a quantitative approach, and the research variables used are those that become the material for analysis, namely economic growth and export development in the Province of the Bangka Belitung Islands.

#### **Data Types and Sources**

In this study, the types of data used are qualitative data and quantitative data. Qualitative data is used in the form of explanatory sentences from an analysis, while quantitative data used is quarterly economic growth and quarterly foreign export value (in percentage). Based on the time of data collection, this study uses time series data for 12 quarters from 2018 to 2020.

Based on the source of the data obtained, this study uses secondary data, namely data published by the Central Statistics Agency for the Province of the Bangka Belitung Islands and the publication of Bank Indonesia for the Province of the Bangka Belitung Islands Province in the form of the Economic Report for the Province of the Bangka Belitung Islands in February 2021.

#### **Data analysis technique**

Data analysis techniques in this study used quantitative techniques and qualitative techniques. The quantitative technique uses an inferential statistical approach with the regression method. The purpose of the regression method is to determine the relationship or influence of the variable economic growth with the variable of export development. The following is the regression line equation:

$$Y = a + bX$$

Where Y is economic growth, a is constant, b is regression and X is export development and analysis using SPSS application. Next is forecasting economic growth on the basis of export development using the formed regression equation, as well as providing a qualitative analysis of economic growth and export development by connecting the theories contained in this study.

### **4. Result and Discussion**

#### **4.1 Analysis Result**

To produce the analysis in this study, it is necessary to submit data from economic growth with GRDP indicator data (% yoy) for 12 quarters, and export development indicators based on foreign exports for 12 quarters.

The following is data from economic growth with indicators of GRDP (% yoy) and the value of non-oil and gas exports for 12 quarters:

Table. 2  
Economic Growth Data GRDP Indicator(%yoy)

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2018	2,47	4,52	7,09	3,69
2019	2,84	3,43	3,01	3,98
2020	1,36	-4,95	-4,37	-1,04

Source: Economic Report Prov. Kep. Babel Feb. 2021

Table. 3  
Foreign Export Value Data (%yoy)

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2018	-0,94	12,59	17,44	-27,77
2019	-12,72	-4,04	-36,84	-9,27
2020	2,34	-39,42	11,24	1,49

Source: Economic Report Prov. Kep. Babel Feb. 2021

Based on the two tables above, the results of the regression analysis are as follows:

Table. 4  
Economic Growth Regression with  
Export Development Period 2018 to 2020

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.247 <sup>a</sup>	.061	-.023	1.84149

a. Predictors: (Constant), Perkembangan Ekspor

ANOVA <sup>a</sup>					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	6.652	1	6.652	.651	.426 <sup>b</sup>
Residual	100.862	18	5.598		
Total	107.514	19			

a. Dependent Variable: Pertumbuhan Ekonomi  
b. Predictors: (Constant), Perkembangan Ekspor

Coefficients <sup>a</sup>				
Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
1 (Constant)	1.175		1.161	.264
Perkembangan Ekspor	.687	.247	.687	.504

a. Dependent Variable: Pertumbuhan Ekonomi

Source: Processed by the Author (2021)

In the table above, it can be seen that economic growth during the 12 quarters of the period 2018 to 2020 is positively correlated with export developments, which is 0.247 positive. The

correlation value is in the low or weak category. While the effect of exports on economic growth is 0.061 or 6.1%

The linear equation of the regression is  $Y = 2.173 + 0.047 X$ , from the equation it means that every time there is an additional 1% of exports made by the Province of the Bangka Belitung Islands, then economic growth will increase by 0.047%.

The following is the calculation of the projected value of economic growth on the basis of the development of the export value:

Table. 5  
Descriptive statistics

Descriptive Statistics				
	N	Minimum	Maximum	Std. Deviation
Export Development (USD)	12	-.2842	17.84	7.1792
GDP (USD)	12			

Source: Processed by the Author (2021)

It is assumed that to calculate the economic growth forecast using the average value (mean) of export development of negative 7.1792, the economic growth forecast can be calculated as follows:

Forecast quarter-1 year 2021:  $Y = 2,173 + 0,047(-7,1792) = 0,34\%$

Forecast quarter-2 year 2021:  $Y = 2,173 + 0,047 (-7,1792 + 0,34) = 1,85\%$

Forecast quarter-3 year 2021:  $Y = 2,173 + 0,047 (-7,1792 + 1,85) = 1,92\%$

Forecast quarter-4 year 2021:  $Y = 2,173 + 0,047 (-7,1792 + 1,92) = 1,93\%$

From the results of the analysis of the economic growth forecast for the first quarter of 2021, it is positive 0.34% compared to the third quarter of 2020 which is negative 1.04%; for the second quarter of 2021 positive economic growth is 1.85%, when compared to the first quarter of 2021, and the forecast for economic growth in the third quarter of 2021 is 1.92% higher than the forecast for the second quarter of 2021, as well as the forecast for growth The economy in the fourth quarter was 1.93% larger than the forecast for the third quarter of 2021.

## 4.2 Discussion

Based on the results of the analysis above, the author will discuss how to increase economic growth and how to increase foreign exports, especially exports carried out by the Province of the Bangka Belitung Islands.

Efforts to increase economic growth in the Province of the Bangka Belitung Islands can apply economic growth theories consisting of classical theory, neo classical theory, Harrod-Domar growth theory, and Schumpeter theory.

Several things that will be applied from these theories, among others: 1) The population must be controlled, 2) Capital goods must be met, 3) Utilization of land area and natural resources to the maximum, 4) Mastering technology, 5) There must be investment new, 6) There must be innovation and 7) Have a business spirit (entrepreneurship)

Furthermore, the factors that influence economic growth in a positive direction must be carried out by: 1) Improving the quality of human resources, 2) Making the most of natural resources, 3) Improving modern knowledge and technology and 4) Improving the culture of



working more actively, creatively, and innovative, and 5) Finding capital resources that can be used to increase the production of goods and services.

The quality of human resources that need to be improved that has a relationship with the resulting production such as expertise in agriculture, plantations, livestock and downstream products from raw materials owned by Bangka Belitung.

Utilizing natural resources to the fullest, of course there are still natural resources that have not been explored to the fullest. Supported by qualified human resources in exploiting natural resources will increase production, and ultimately increase economic growth.

Knowledge and technology must be mastered by human resources in managing natural resources optimally. Other factors that can accelerate economic growth are culture, a culture that can increase economic growth, for example, increasing the culture of the community to be diligent, creative and innovative.

The next factor is capital resources, capital resources can be obtained from own capital and loan capital. To get their own capital, local governments can use funds for economic improvement, while loan funds can use bank funds. In addition, the central government and regional governments must open the doors of investment as much as possible, both domestic investment and international investment.

There are five strategies that can be applied in increasing exports, among others: 1) Looking for new export markets. 2) Exported goods are in the form of finished goods, no longer in the form of raw materials, 3) Actively participate in promotional activities for export products, and 4) Improve the quality of exported goods, 5) Conduct mutually beneficial trade cooperation.

Export opportunities owned by the Province of the Bangka Belitung Islands: 1). Palm oil exports, 2). Pepper exports, 3) Rubber exports, 4). Export of processed marine or fishery products, 5) Export of Tin.

This opportunity can be seen in the trade balance throughout 2020, which experienced a surplus of USD 21.74 billion. This surplus continued in January 2021 (USD 1.96 billion) and continued the trend of the surplus for the 9th month in a row. During 2020, exports from the agricultural and industrial sectors could also grow positively by 14% and 2.94%, respectively, with commodity prices, palm oil and mining contributing well.

Palm oil and its fractions increased their export value to USD 17.36 billion (10.63%) during 2020 and are at their peak as a major contributor to Indonesia's exports. This makes palm oil the main export product of Indonesia, further boosted by the increase in CPO prices in the second semester of 2020.)

This export opportunity was taken by Bangka Belitung which was seen in December 2020 worth US\$138.9 million, up 17.04 percent compared to the export value in December 2019, the export value of tin increased by 10.08 percent, and the value of non-tin exports increased by 48 percent. .09 percent (y-on-y), compared to the previous month the value of exports rose 74.79 percent. Tin exports increased 49.40 percent and non-tin exports increased by 300.92 percent. During January-December 2020, tin exports to Singapore absorbed 16.44 percent (US\$161.6 million), while non-tin exports to China absorbed 24.26 percent (US\$50.0 million).

## **5. Conclusion and Suggestion**

### **Conclusion**

Some conclusions that can be drawn in this study are:

- a. That economic growth during the 12 Quarter period of 2018 to 2020 has a positive correlation with export developments, which is 0.247 positive.
- b. The magnitude of each 1% increase in the value of non-oil and gas exports to economic growth is 0.047%.
- c. The economic growth of the Bangka Belitung Islands Province must increase, because the province has the factors that can increase economic growth.
- d. The development of non-oil and gas exports of the Bangka Belitung Islands Province must increase because the export opportunities are very large as evidenced by the increasing national exports.

### Suggestion

The following are suggestions to increase economic growth and increase exports:

- a. To increase economic growth, you can apply classical economic growth theory, neo classical theory, Harrod-Domar growth theory and Schumpeter theory.
- b. To increase exports, strategies can be implemented, including seeking new export markets, exporting goods in the form of finished goods no longer in the form of raw materials, actively participating in promotional activities for export products, improving the quality of exported goods and conducting mutually beneficial trade cooperation.
- c. Export opportunities owned by the Province of the Bangka Belitung Islands include exports of palm oil, exports of pepper, exports of rubber, exports of processed marine or fishery products, exports of tin and exports of handicrafts, etc.
- d. To increase economic growth apart from exports, it can also be done by increasing the existing micro, small and medium enterprises to become productive, giving the maximum role to BUMD to develop a broad business, creating labor-intensive industries and establishing manufacturing companies that are processing raw materials owned by Bangka Belitung.

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