


## Industrialization performance and regional independence on economic growth in sidoarjo district

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Article Info	ABSTRACT
<p><b>Keywords:</b> Industrialization Performance, Independence Performance, Economic Growth</p>	<p>Study This intended For deepen How industrialization Which become pusher economy something region Because every industrialization in area Sidoarjo become a driving force in other industrial sectors and independence performance becomes a benchmark finance in Sidoarjo Regency has become so with industrialization and independent performance for awaken Growth Economy . Done with channel 1) Research linkages Industrialization on economic growth in Sidoarjo Regency, 2) Examining the relationship Performance Independence to Growth Economy in Regency Sidoarjo. aims: 1. Analyze in a way descriptive Influence Performance Industrialization of Economic growth in Sidoarjo Regency. 2. Analyze descriptively The Influence of Independence Performance on Economic Growth in Sidoarjo Regency. Data analysis in this research used the PLS ( Partial Least Square ) program application version 3.0 M3 PLS ( Partial Least Square ) developed First time by wold as method general For estimate the path model that uses construct latent with mutype indicator. Results of Independence Performance on Economic Growth in Sodoarjo Regency is significant with t-statistics as big as 2,369 (&gt;1.96) while Industrialization on Economic Growth in Sidoarjo Regency is No significant with a t-statistic of 0.062 (&lt;1.96).</p>
<p>This is an open access article under the <a href="#">CC BY-NC</a> license</p> 	<p><b>Corresponding Author:</b> Muhammad Yasin Faculty of Economics and Business University 17 August 1945 Surabaya <a href="mailto:yasin@untag-sby.ac.id">yasin@untag-sby.ac.id</a></p>

### INTRODUCTION

Industry is very important, if Indonesia wants to move further forward, the manufacturing sector must grow and become a way to improve the quality of the economy, as well as a solution to improving people's welfare, because industrialization is often associated with economic and social problems. These changes in economic structure are marked by a decrease in the contribution of the agricultural sector and an increase in the contribution of the industrial and service sectors, both in gross domestic product (GDP) and in labor absorption.

Industrialization is an important effort to encourage economic growth in a country. Through industrialization, countries can increase productivity, create jobs and increase people's income. In Indonesia, Small and Medium Industries (IKM) and Micro, Small and Medium Enterprises (MSMEs) play a significant role in economic development. IKM and

MSMEs in Indonesia have great potential in creating jobs, reducing poverty and improving community welfare. However, this sector still faces various challenges, such as limited access to capital and technology, lack of infrastructure development, and lack of capacity and skills. Therefore, an appropriate strategy is needed to encourage the industrialization of the IKM and MSME sector in Indonesia. In this context, this paper aims to discuss existing patterns in the IKM and MSME industry in Indonesia and identify strategies that can be used to encourage the industrialization of this sector. Through analysis of factors such as government policy support, infrastructure development, access to capital and technology, as well as capacity strengthening and training, it is hoped that useful recommendations can be produced to increase the growth and competitiveness of the SME and MSME sectors in Indonesia. SMEs and MSMEs and implementing effective strategies, Indonesia can optimize the potential of this sector to achieve the goals of sustainable industrialization, improve community welfare, and drive overall economic growth. Surabaya, as one of the largest metropolitan cities in Indonesia, has an important role in industrial development small and medium enterprises (IKM) and micro, small and medium enterprises (MSMEs) in the region. IKM and MSMEs in Surabaya make a significant contribution to the city's economic growth, job creation and improvement of community welfare.

Industrialization According to Damayanthi (2008) Industrialization is an important stage in developing countries' efforts to increase their prosperity, including overcoming unemployment problems and increasing work productivity as one of the causes of low income. In general, countries try to develop industries that can produce results in a relatively short time and can save foreign exchange.<sup>1</sup> Therefore, the choice often falls on efforts to first develop import substitution industries. This is felt by almost all developing countries. Therefore, the initial stage of development is relatively fast, then becomes slower when the easy and protected period has to be released. It turns out that only a few developing countries can be considered new industrial countries. In simple terms, industrialization is a process and effort to industrialize an economy, in the sense that the role of industry in the economy becomes greater. So industrialization is essentially the development of an expansion of organized economic activities with the aim of mass producing manufactured goods or refineries. Industrialization is characterized by the transformation of a primary agricultural economy into a more specialized and capital-intensive economy ( Achmad. 2009).

## METHODS

### Population

Population consists on object/subject Which have quality And characteristics certain Which determined by researchers to be studied and then the conclusion is drawn (Sugiyono, 2014, 80), so that population is all over Regency Sidoarjo.

### Sample

The sample is part of the number and characteristics of the population. When populations are large, and researchers cannot possibly study everything in the population, for example because Limited funds , energy and time, the researcher will take samples

from that population. What is studied from the sample, the conclusions will be applied to the population (Sugiyono, 2014, 81). Sample research is large industry and medium industry in Sidoarjo district

### Limitation Study

Sample study determined with Purposive random sampling is method determination sample based on certain criteria to meet the requirements for a good sample. These criteria are: Sample is is large industry and medium industry in Sidoarjo district as well as APBD Sidoarjo Regency during 3 years

### Analysis Quantitative

Analysis data in study This use application program PLS ( Partial Least Square ) version 3.0 M3 PLS ( Partial Least Square ) was first developed by Wold as a general method for estimating path models using latent constructs with multiple types of indicators. PLS ( Partial Least Square ) is factors indeterminacy method analysis Which powerful by Because No assume the data must be on a certain scale of measurement, the sample size is small. PLS ( Partial Least Square ) can also be done used For confirmation theory

## RESULTS AND DISCUSSION

To prove the hypothesis, namely by looking at the significance of the influence between variables with see coefficient parameter And mark significance t statistics. Performance independence PLS matter the This is done by looking at the Bootstrapping Algorithm report , below the result :

**Table 1** Path Coefficients (Mean, STDEV, T-Values, P-Values)

	Original Samples (O)	Samples Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	Hypothesis
Performance Independence -> Economic growth	0.066	0.067	0.048	2,369	0.032	Sig
Industrialization -> Growth Economy	-0.006	0.010	0.098	0.062	0.951	No. Sig
Performance Independence -> Industrialization -> Growth Economy	-0.224	-0.223	0.107	2,094	0.037	Sig

*Processed by researcher*

Path Coefficient show level significance And connection between variable. With thereby gives the following results :

### H1 Industrialization has an influence Significant to Economic growth in Sidoarjo Regency.

Industrialization on Economic Growth in Sidoarjo Regency is No significant with a t-statistic of 0.062 (<1.96) . Original sample estimate value is negative namely -0.006 which shows the direction of the relationship between Industrialization and Economic Growth in Sidoarjo Regency is negative.

There is a crucial relationship between the dynamics of GRDP and the level of inter-industrialization region in Province Java East. Growth economy is wheel mover economy

public Which will role vital on enhancement quality life in matter This enhancement income between area. Connection Which happen between GRDP with disparity on This research is significant with a high positive coefficient, this indicates that GRDP level is very good to use as an intervening variable in the path analysis method. GRDP which has a positive impact on income disparities between regions is appropriate with theory Kuznets (1955) Which state that country develop will experience high economic growth and accompanied by high disparities to reach peak disparity. When it has experienced peak disparities and economic growth is capable reducing disparities, that is where the good role of economic growth is in reducing disparities income

## H2 Performance Independence influential Significant to Economic growth in Sidoarjo Regency.

Independence Performance on Economic Growth in Sodoarjo Regency is significant with t-statistics as big as 2,369 ( $> 1.96$ ). Mark original samples estimate is positive that is as big as 0.066 which shows the direction of the relationship between Independence Performance and Industrialization in Java Province East is positive.

(Believers And Maemunah, 2019). variable Independence states that, this variable does not own influence to Growth Income Original Area on Government Regency/City in Java East. Results from this study contradicts research which was carried out by Kusuma And Hidayat (2018) which states that independence influence on the growth of original regional income. Hypothesis rejected caused because the level of financial independence in Regency/City Regional Governments is still low in Java West, make mark ratio independence small And No influential in increase original revenue growth area. According to Rahmayani (2018) The PAD tall will create level of regional financial independence.

High level of dependency Government Regency/City Area in Province Java West to fund help from Government Center proves that Government The region has not been able to maximize it potential income Which There is in the area. Such that expressed by Hamid(2018), which states that, income is still low original area Which obtained by government is caused by the lack of sensitivity of the Regional Government in finding advantages culture And potency original income area (PAD), obedience and mandatory awareness taxes/levies Which relatively low, weak system law revenue administration funds area, weakness apparatus, bureaucratic concerns about failure to carry out the program, unoptimism will results which may achieved (Miranti, 2017). Besides That according to Setiawan And Tami (2018) income original area Which owned by government area which Not yet can meet the needs for operational expenditure, will have an impact on post capital expenditure Which related with public service Which Not yet Can fulfilled with Good

## CONCLUSIONS

Independence state that, variable This own influence to Growth Original Income Area on Government Sidoarjo Regency that independence influential to Growth Income Original Area in Sidoarjo Regency. Meanwhile, the relationship between industrialization and economic growth in this research is not significant with coefficient negative, matter This

indicated that Industrialization very Good used as an intervening variable on method path analysis

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