

# Local Potentials of Sula Regency in the Perceptions of Regional Competitiveness

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**Abstract**—Sula Regency is one of the regions with the lowest welfare level in North Moluccas, based on poverty indicators, human development index, economic growth, and inflation rate. The level of welfare that Sula Regency carries is within the scope of North Moluccas. Problems faced by Sula Regency are multi-dimensional or multi-sectoral. In order to create macro stability, challenges arise, among others, from inflation, stability of the rupiah value, growth in exports and imports, and investment. The analysis in this study uses methods or tools, namely scalogram analysis and competitiveness analysis. Based on the analysis of the competitiveness of the four scopes and each sub-scope studied, the economic structure for the highly competitive sub-districts is dominated by the structure of the primary industry, except for Sanana District, which is supported by tertiary industries. Sanana District, North Sanana, North Mangoli and West Mangoli have high competitiveness in trade and services which are also the highest contributors to the region.

**Keywords**—*improvement, competitiveness, local potential, resources*

## I. INTRODUCTION

Regional development of Sula Islands Region is an important part of national development. In the framework of achieving a balance in regional development, several regional development policies and programs are required that refer to regional policies. Currently, as a consequence of autonomy, each region has the authority to manage its own region according to the regional potential and capability. In line with this independence, regions must be able to explore potential sources of income, so that various differences between regions due to geographical factors and regional conditions will not result in differences in welfare. Community welfare is obtained from the development of sustainable regional development.

The concept of sustainable development is currently the goal of city or regency development in Indonesia, including Sula Islands. One of the measurement tools for the concept of sustainable development is the inter-regional and inter-regional competitiveness ranking. The higher the competitiveness of an area, the higher the welfare of its people. The measurement of the level of competitiveness uses several variables, including

the regional economy, the variables of infrastructure and natural resources, and the variable of human resources. Each region has a strategic role in development, and it is connected to other areas either in the hinterland or other big cities. Urban areas (capital cities) generally act as centres for the production of goods and services capable of providing competitive services. Cities are also a potential market because the population generally has a fairly high purchasing power compared to hinter areas, in addition to their ability to distribute goods and services to other areas. Current development is increasingly challenging with the development of globalization.

Globalization has the consequence of creating a situation of tight competition between countries, between provinces, between districts or cities, and between regions within a province, district, or city. This competition is known as competitiveness. Competitiveness is measured by a number of international institutions each year and ranks every country, every province, every district, or city. The rating has implications for the arrival or departure of investors in a country or a region. Principally, competitiveness refers to the ability of a region or region to create added value in order to increase high welfare while remaining open to both domestic and global competition. The added value in question is the ability to produce goods and services that meet the criteria of competitiveness, and at the same time maintain a high and sustainable income level.

An area or region as a whole has a competitive edge which is largely determined by the parts within the region spatially. Apart from that, the spatial context (space) relates to the resources (such as capital and skilled labour) that are owned in the framework of increasing competitiveness through regional development. In general, development policies are taken in the form of determining growth centres spatially. Meanwhile, resources in areas that are not growth centres have the potential to be absorbed by growth centres, so that economic activity is concentrated (agglomerated) in urban areas or capital cities as growth centres. The consequence is the trickledown effect which is expected not to be created or it can be interpreted that there is no movement of economic growth from growth centres

to non-growth centres (hinter). Spatially, these conditions can trigger economic disparities between regions, especially in areas with limited resources. In other words, policies for the formation of growth centre regions need to be determined carefully and must be supported by a synergy of infrastructure and economic policy instruments.

The level of competitiveness of Sula Regency is the aggregation of the competitiveness of the kecamatan based on the characteristics of the economy, infrastructure, and natural resources, as well as human resources. The level of competitiveness of each sub-district is then related to the policy of Sula Regency government in developing strategic areas according to the regional structure, leading sectors, so that it can be measured to what extent the advantages and competitiveness of each sub-district in supporting the direction of development and development policies in Sula Regency.

The approaches to measuring competitiveness are quite diverse. However, in general, each region has at least one main competence in the development of competitiveness from upstream to downstream according to aspects of the local potential of the region with unique characteristics as a competitive power that is sustainable in both market-based and resource-based views [1].

The development strategy, especially in Sula Regency, is implemented through the approach of optimizing development and spatial resources where the main sectors and activities consist of the primary sector, namely agriculture (large scale), the secondary sector is food, beverage and furniture, and the tertiary sector is retail, restaurants, and hotel. Meanwhile, development policy is carried out by determining certain areas as growth centres, it is hoped that in accordance with the potential resources possessed by each region. This is very important considering that policies implemented in development will result in the absorption of development resources and the agglomeration of economic activities to growth centres which have the opportunity to create unexpected trickle-down effects and the potential for economic disparities between regions due to unbalanced and more economic growth. far away is triggering the creation of pockets of poverty in Sula Regency.

Competitiveness creation in Sula Regency is quite challenging and complex, especially because the various problems faced by Sula Regency are multi-dimensional or multi-sectoral. In order to create macro stability, challenges arise, among others, from inflation, stability of the rupiah value, growth in exports and imports, and investment. Other challenges and obstacles include the role of public institutions (related to the corruption index), law enforcement, and a conducive business environment. In the terms of production, barriers such as technology supporting the production process and human resources. These challenges and obstacles, apart from having implications for the competitiveness index and ranking of Sula Regency, also have implications for the welfare of the community in the related sub-districts. Therefore, in an effort to improve the competitiveness of Sula Regency, a clear

concept of creating competitiveness, competence, connection, and commitment is needed. The idea of creating competitiveness by region should be carried out on the basis of regional superiority both in resources and markets, based on a blueprint that carries the main competencies with the concept of a cluster (geographically) according to the aspirations of the community from one or several regions in Sula Regency, which is integrated along the value chain communally and complementary. It is hoped that this will be able to encourage synergy of internal performance in order to produce potential superior products today and in the future. The main core of Sula Regency products is carried out with two approaches, first, the theoretical approach and the competition model which are strengthened by the concepts of excellence, competence, and knowledge. Second, an empirical approach through the experiences of provinces, cities, and districts in the development of regional competitiveness.

Determination of core products and competencies in Sula Regency requires various stages, including the stages of study in the framework of introducing regional potential, problems for each region, sector and sub-sector of the region's mainstay industry, superior products, determining industry core competencies, designing development strategies, and formulating action plans.

## II. THEORY

### A. *Regional Competitiveness Based on Local Potential*

Badrudin [2] claimed that there are two important things related to the growth poles, namely, first, that the growth poles are a group of economic activities (industry) with a strong forward linkage and a strong backward linkage to a superior economic activity. Therefore, the growth poles have the ability to drive economic activity and simultaneously spur economic growth in a region. Second, this economic group tends to consider the convenience of various infrastructure and facilities in an area while still paying attention to the relationship with the supporting area (hinterland) as resource input. However, it must carefully consider the risk of imbalance opportunities in various regions. This is because in general, a more developed region will develop faster than a less developed one because the backwash effect is stronger than the one that causes spread effect [3].

According to Porter [4] defines competitiveness as "the ability or advantage used to compete in certain markets. This competitiveness is created through continuous development in all lines of the organization, especially in the production sector. If an organization carries out continuous development, it will be able to improve performance" [5].

According to Z. Heflin Frinces, competitiveness is defined as strength or ability and advantages that are built from potential and resources that come from within and outside the organization in a planned and systematic manner to fight against any latent or tangible potential to disrupt, shift, fight

and or destroy the position, existence and existence of the party that will be competed [6].

Meanwhile, according to Lena Ellitan said that the definition of competitiveness is "the ability of a business (company) to provide more value to its products than its competitors and this value does bring benefits to customers" [7].

Based on some of the definitions above, competitiveness is the ability or advantage used to compete or give more value to its product than its competitors.

Indonesia has a comparative advantage in many plantation commodities. At least 12 products have a market share of more than 30%, including commodities such as coconut, palm oil, natural rubber, cocoa, tea, tobacco, coffee, pepper, and others. Even essential oils and spices control 90% and 80% of the world market, respectively. This is reflected in the relative level of production and the share of the production market as well as the share of exports in the international market when compared to other major producing countries. For several major plantation commodities such as coconut, palm oil, rubber and cocoa, Indonesia has the potential to become the largest producer and exporter in the world. This is indicated by positive growth (3.1%), compared to other sectors that experienced negative growth.

Hines said that localism must be protected from globalization, because globalization actually has a negative impact on society, justice, and the environment [8].

Potential, according to Nurhayati that is an ability that has the possibility to be developed such as strength, ability, and power that can be developed to a greater extent. The term potential is not only shown for humans but also for other entities, such as the term regional potential, tourism potential and so on. Meanwhile, according to Ahmad Soleh the local potential of a village is the power, strength, ability, and ability of a village which has the possibility to be developed in order to improve community welfare. Furthermore, according to Soleh, in general, the potential of the village can be divided into two, first is the physical potential in the form of land, water, climate, geographical environment, livestock, and human resources, second is the non-physical potential in the form of a community with its features and interactions, institutions social, educational institutions and village social organizations, as well as village officials and civil servants [9].

According to Soetomo, at least three things are needed in identifying local potential, namely: 1) identifying the needs of the community which from time to time always experience developments and changes in line with changes and developments in society. The ability to identify needs is a manifestation of the community's capacity to compare the current reality and the ideal reality as the aspirations of society; 2) identification of potentials, resources and opportunities that are always growing. Without these activities, the potential and existing resources will remain latent and not actualized to fulfil needs. Identification activities need to be done as one of the

knowledges of the principle of prioritizing local potential and resources in community empowerment. This identification is needed to see all the potential and available resources, both in the form of natural resources, human resources, and social resources. Social resources have a level of significance that is no less important than other resources. Internal dynamics-based community development is a process of change that relies on the boost of internal energy and existing potential and resources; 3) processes and efforts to find more profitable ways to exploit existing potentials and resources. Through a social learning process and a process of adaptation to their environment, the community will find ways and knowledge about the use of available resources.

It can be said that in order to achieve the level of community welfare, it is necessary to cultivate local potential which is owned by human and natural resources. Local potential in the form of human resources in community empowerment as the subject of development who knows the problems of the community itself, while natural resources are assets that are utilized to promote the socio-economic welfare of the village community itself.

### III. RESEARCH METHODS

The analysis in this study uses methods or tools, namely scalogram analysis and competitiveness analysis. This method is expected to be able to answer the objectives to be achieved.

#### A. Scalogram Analysis

According to Blakely [10], the scalogram analysis tool discusses the regional facilities owned by a region as an indicator of the functioning of the area as a growth centre. In this study, the scalogram analysis tool will be used to calculate the level of completeness of sub-district facilities which will be grouped into two groups, namely: 1) Facilities related to economic activities, 2) Facilities related to social activities.

#### B. Competitiveness Analysis

Competitiveness analysis according to the Institute of Management Development (IMD) with its publication "Word Competitiveness Yearbook" sees that competitiveness is the ability of a country to create added value in order to increase national wealth by managing assets and processes, attractiveness, and aggressiveness, globality and proximity, and by integrating these relationships into an economic and social model. In simpler words, the competitiveness of a region is a concept to measure and compare how well the region is in providing a certain climate that is conducive to maintaining domestic and global competitiveness for industries, companies, and business sectors in the region.

### IV. RESULTS AND DISCUSSION

#### A. Competitiveness of Sula Islands Regency

The competitiveness of the development performance of Sula Islands based on the ranking on the map shows the

geographical concentration of the sub-districts which have positive and negative competitiveness scores. Positive scores are 4 districts, and negative scores are 8 districts, on Mangoli Island and Sulabesi Island. Districts with positive scores on Sulabesi Island are Sanana and North Sanana. The positive scores on Mangoli Island are West Mangoli and North Mangoli Districts. Sanana District is the capital of Sula Islands Regency, and West Mangoli District is the capital area before the division of North Moluccas Province and has developed a trickledown effect in the surrounding sub-districts, namely North Mangoli and Central Mangoli with higher competitiveness compared to other sub-districts in Mangoli Island with a negative competitiveness score.

Based on the overall competitiveness table, there are maximum, minimum, average, and median values (Table 1). The maximum, minimum or average value describes the performance that is ranked in the maximum position, namely the highest positive, the minimum positive or lowest negative, and the average value is close to zero. The sub-district average score is then compared with the median value in this analysis, which is in the 6th position out of 12 sub-districts in Sula Islands Regency, representing the average regional competitiveness achievement.

TABLE I. OVERALL SUB-DISTRICT COMPETITIVENESS RANKINGS IN SULA ISLANDS REGENCY IN 2019

Sub-district	Score	Rank
West Sulabesi	-0.3702	6
South Sulabesi	-0.9060	10
Sanana	2.2333	1
Central Sulabesi	-0.6355	8
East Sulabesi	-0.4747	7
North Sanana	0.0091	4
East Mangoli	-0.9793	11
Central Mangoli	0.1810	5
North East Mangoli	-1.1592	12
West Mangoli	0.1461	3
North Mangoli	0.4678	2
South Mangoli	-0.5441	9

The performance of the sub-districts in Sula Islands District illustrates achievements in the macroeconomic scope, government and institutional planning, business and labour financial conditions, and quality of life and infrastructure development (figure 1). The results of the analysis show that the top to bottom ranks is achieved by Sanana District, North Sanana District, West Mangoli, North Mangoli, Central Mangoli, West Sulabesi, East Sulabesi, Central Sulabesi, South Mangoli, South Sulabesi, East Mangoli, and Northeast Mangoli. Considering the competitiveness ranking based on the performance of all the indicators mentioned above, it appears that the lowest score range (-1.1952) is in Northeast Mangoli District, and the highest score is in the Sanana District (2.2333), with a median value (-0.3702). Based on the results of this analysis, it can be assumed that the competitiveness of the sub-districts in Sula Islands Regency is generally still low, even though it is supported by the performance of Sanana Districts, West Mangoli, North Mangoli, and North Sanana.



Fig. 1. Analysis of subdistrict median nets in Sula Islands regency.

The performance indicators of Labour Market Flexibility, Quality of Life, Education and Social Stability appear to have interrelated dynamics, although this study does not calculate the relationship between the two indicators. The tendency of the relationship between the two is assumed by negative values and government policies on labour market issues as well as quality of life and social stability as well as the influence of the global market. The global economic orientation also affects the labour market system in Sula Islands Regency. The global economy tends to form a more flexible labour market in line with the strengthening liberalization of the world economy. The flexible labour market and flexible production system are aimed at encouraging economic growth and expanding the equal distribution of job opportunities and people's income as well as being a strategic step to solve the problem of poverty and regional unemployment while at the same time encouraging economic growth. In line with these changes, local governments have also experienced a change in role in regulating the operation of the labour market as well as changes in the form of responsibility for the welfare of citizens. This can be seen from the decline in budget allocations for government responsibilities related to the welfare of its citizens at large.

Positive performance of several indicators, namely Government Policy and fiscal resilience, Competence, Regulatory Standards and Law Enforcement, Regional Economic Dynamics, Institutions, Financial Capability and Business Efficiency, Governance and Leadership, are strongly supported by government policies and natural resource potential (agriculture, fisheries, and mining) owned by Sula Islands Regency. Nevertheless, this comprehensive performance needs improvement, especially in areas with negative scores.

*B. Economic Performance of Sula Islands Regency*

Community welfare is fought for through sustainable regional development efforts. Sustainable development is a policy and strategy in the framework of achieving equitable

social welfare in all regions. One of the measuring tools for the success of sustainable development is the achievement of a level of competitiveness between regions. The level of regional competitiveness is formed by the ability of the sub-regions within the city or regency, which is concretely formed by the sub-district in each regency. The higher the competitiveness of an area, the higher the welfare of its people. Some of the components or sectors commonly used in measuring the level of competitiveness are the regional economy, natural resources, human resources, and infrastructure. As an area that is constantly developing, Sula Islands are expected to be able to focus on increasing the competitiveness of all of its sub-districts.

Sula Islands Regency manages development by relying on natural and human resources in developing its territory. The distribution of resources creates opportunities and competition between intra and inter-sub-district areas, as a consequence of efforts to improve welfare by encouraging economic sector growth in regional development. The quantitative distribution of the economic competitiveness score into the sub-district rankings in Sula Islands Regency is slightly different from the comprehensive development performance achievements. Sanana District, North Sanana, Central Mangoli, West Mangoli, North Mangoli, and South Mangoli showed positive scores and ranged from 1.0963 to 2.1345. The range of these scores is far enough to indicate that even though the range is positive, there are differences in competitiveness that must be considered (figure 2). This is the main consideration for the regional government of Sula Islands Regency in intervening in development programs, especially in sub-districts with negative scores, namely West Sulabesi, South Sulabesi, Central Sulabesi, and East Sulabesi. Efforts to increase the competitiveness of the district can be made through equitable distribution of economic development and supporting infrastructure in all sub-districts, as well as accelerating economic growth in potential areas.

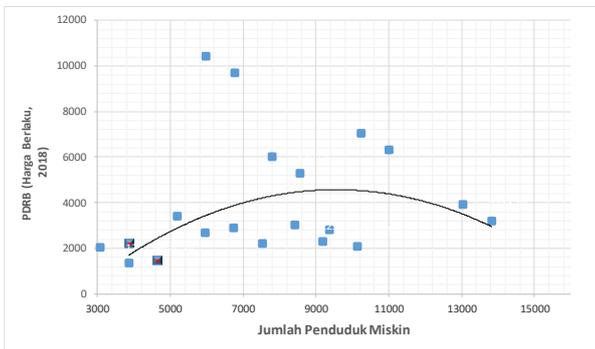


Fig. 2. Relationship between gross regional domestic product and number of poor people in North Moluccas (Source: Area in numbers and Regional Performance Reports in 2019, processed data).

Economic growth correlates with the number of poor people, then it is related to the human development index. (figure 1 and figure 2). In 2019 the poverty rate for Sula Islands Regency reached 9.19%, GRDP (2290.11 million Rupiah), and HDI 62.96, quite far from the poverty rate of Ternate City

(6.76%) and GRDP (9711.79 million Rupiah), HDI (79.13). GRDP is an added value that can be created from various economic activities in the area of each district. The added value is obtained from all production values, both goods and services. Poverty is a condition where there is a lack of things that are closely related to the quality of life, where a person cannot enjoy all kinds of choices and opportunities in fulfilling basic needs such as not being able to meet health, decent living standards, freedom, self-respect, and a sense of respect such as other people.

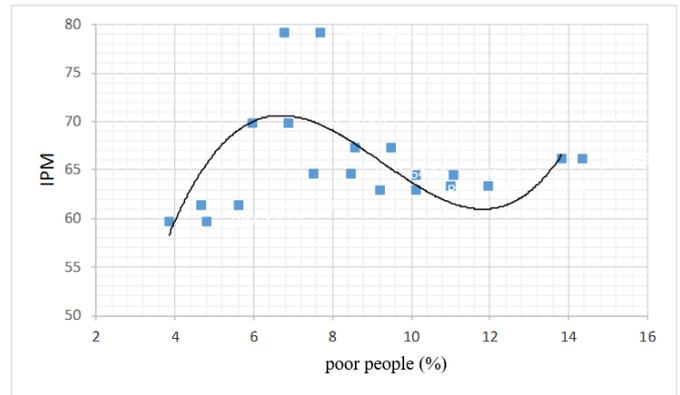


Fig. 3. Relationship between human development index and number of Poor people in North Moluccas (Source: Area in numbers and Regional Performance Reports in 2019, processed data).

Economic growth correlates with the number of poor people, then it is related to the human development index (figure 3). (Picture 4.2 and Picture 4.3). In 2019 the poverty rate in Sula Islands Regency reached 9.19%, GRDP (2290.11 million Rupiah), and HDI 62.96, quite far from the poverty rate of Ternate City (6.76%) and GRDP (9711.79 million Rupiah), HDI (79.13). GRDP is an added value that can be created from various economic activities in each district. The added value is obtained from all production values, both goods and services. Poverty is a condition where there is a lack of things that are closely related to the quality of life, where a person cannot enjoy all kinds of choices and opportunities in fulfilling basic needs such as not being able to meet health, decent living standards, freedom, self-respect, and a sense of respect such as other people.

District economic development uses potential resources in each sub-district but is generally carried out by interacting with the central government for various considerations and reasons, especially in relation to economic conditions dominated by the public sector. The origin of the resources of each district is expected to provide benefits to the district, create a multiplier effect, and be able to create bottom-up economic development. Therefore, economic development should prioritize poverty reduction as the centre of attention (centre of objectives) in economic development. The data shows the relationship between one of the economic indicators, namely GRDP and poverty, and the Human Development Index and poverty.

### C. Economic Competitiveness Between Districts

Sula Islands consists of twelve sub-districts, namely West Sulabesi, South Sulabesi, Sanana, Central Sulabesi, East Sulabesi, North Sanana, East Mangoli, Central Mangoli, Northeast Mangoli, West Mangoli, North Mangoli, and South Mangoli. Regional economic competitiveness aims to provide sustainable economic growth, namely developing leading sectors according to local rates.

TABLE II. RANKING OF ECONOMIC STABILITY COMPETITIVENESS (REGIONAL ECONOMIC DYNAMICS) BY DISTRICT IN SULA ISLANDS REGENCY IN 2019

Sub-district	Score	Rank
Sanana	1.8166	1
West Mangoli	1.6533	2
Central Mangoli	1.5933	3
North Mangoli	1.0329	4
North Sanana	0.8468	5
South Mangoli	0.5916	6
East Mangoli	0.1381	7
East Sulabesi	-0.5019	8
West Sulabesi	-0.5257	9
Central Sulabesi	-1.2273	10
North East Mangoli	-1.3434	11
South Sulabesi	-1.8693	12

The competitiveness of the sub-districts closest to the city centre generally has higher competitiveness compared to sub-districts located in the suburbs or outside the city (Table 2). This condition looks different in Sula Islands Regency. West Mangoli District (Score 1.6533; Rank 2), Central Mangoli District (Score 1.5933, Rank 3), North Mangoli District (Score 1.0329, Rank 4), North Sanana District (Score 0.8468, Rank 5), and South Mangoli District (Score 0.5916, Rank 6). Four of the twelve sub-districts that are ranked first to sixth are located on Mangoli Island, have better competitiveness compared to several sub-districts which are located on the same land as the capital city of Sanana. The role and position of the economy of each sub-district in the regency arena is seen from various aspects such as GRDP, PDRB Per Capita, Primary Industry, Secondary Industry, and Tertiary Industry which are the driving factors for investment formation, industrial development, trade which are the three main aspects in building the regional economy. The competitiveness of sub-districts based on the scope of economic stability, sub-scope of regional economic dynamism, Gross Regional Domestic Product indicator shows that 3 districts in the highest rank are Sanana District (0.6348), West Mangoli District (0.4748), and North Sanana District (0.4616). Districts in the position 3 of the lowest ranks are South Sulabesi District (0.5507), East Mangoli District (0.2331), and East Mangoli District (0.1324).

GRDP indicator per capita has a slightly different ranking for the 3 highest ranking sub-districts, namely North Sanana District (0.4672), Sanana District (0.4374), Central Mangoli District (0.6173), and the 3 lowest-ranking sub-districts, namely North Mangoli District (-0.6530), South Sulabesi District (-0.4771), and Central Sulabesi (-0.0812). The 3rd highest ranking districts for Primary Industry Indicators are

Central Mangoli District (0.6798), North Mangoli District (0.5296), and East Mangoli District (0.5269), and the 3 lowest ranking sub-districts are respectively Sanana District (-0.5390), North Sanana District (0.3868), and Central Sulabesi District (0.3832). The third highest ranking for Secondary Industry indicator is shown by North Mangoli District (1.8245), West Mangoli District (0.4798), and Central Mangoli District (0.4940). The third lowest rank was Central Sulabesi District (-0.9807), East Mangoli District (-0.8537), and Sanana District (-0.6844). The third highest rank of Tertiary Industry is Sanana District (1.9381), North Sanana District (0.3206), and Central Sulabesi District (0.2416), and the 3 lowest-ranked sub-districts are respectively South Mangoli District (-0.5683), East Mangoli District (-0.4498), and South Sulabesi District (-0.3161).

Each sub-district in Sula Islands has the potential for human resources, natural resources that must be able to be increased through acceleration which in the economy will face a number of competitions or competitions, namely competition with other regions for profit, market share, and total sales. Sula Islands government must be able to encourage economic sector actors through bottom-up collaborative programs that are able to outperform competition through prices, products, distribution, and promotion, so that the allocation of production factors leads to the highest value and efficient use.

However, the competitiveness in the city centre and outside the city, of course, cannot stand alone separately. Each sub-district has its own characteristics in terms of the economy, natural resources, human resources, and infrastructure. Not all of the characteristics of each sub-district are in a superior position with high competitiveness. However, each region strives to improve its economy and regional development to the maximum so that it is equal to other regions in Sula Islands. This effort requires comprehensive government support.

The performance of regional economic competitiveness is indicated by the target of achieving the Gross Regional Domestic Product (GRDP) of Sula Islands region. Observing and considering the potential of natural and human resources to the geographic distribution of sub-districts, one of the government's options for increasing competitiveness is the development of the creative economy by incorporating technology into Sula Islands creative economy development agenda through training and strategic cooperation between sectors, among actors (industry). In the form of innovation, the use of technology needs to be selective according to the economic system and regional development goals. Selectivity focuses on prosperity, competition, growth, and innovation. The focus on welfare according to the creative economy means that Sula Islands must be able to see it as an activity that produces high value but independent products, able to escape from the high subsidy system. Focus on competition, growth and innovation are industrial activities that contribute to the economy through economic transactions between producers and consumers, producing new products and employment or labour.

Analysis of the competitiveness of Sula Islands with an approach from the economic sector through primary, secondary and tertiary industrial components aims to develop the economic growth potential of a region, on the view that the economic growth rate of a region is determined by the magnitude of the increase in economic sectors such as the industrial sector of the region, coherent with increased competitiveness, namely the size of industrial activities related to certain goods and services at places outside the economic boundaries of the said community. The increase in the industrial sector will increase the demand for goods and services in it and cause an increase in the volume of other activities. The 12 sub-districts in Sula Islands Regency essentially rely on natural resources to encourage primary and secondary industries. Positive scores in 6 sub-districts in Mangoli Island explain that optimizing the management of the primary industrial sector is a priority in increasing regional competitiveness, especially in producing innovative and marketable products.

**D. Competitiveness of District Government and Institutional Planning**

Each sector has different variables, and each variable is scoring and standardized. Standardization is carried out on the assumption that the units of each variable tend to be different. Standardization is done by calculating the average, and each indicator value is divided by the average value. Meanwhile, for indicators with an inverted performance orientation (for example, dependency figures), standardization is carried out by dividing the average by the indicator value. In order to determine the competitiveness of the scope of Government and Institutional Planning for each sub-district in Sula Islands, the competitiveness score of Sula Islands is presented below.

TABLE III. COMPETITIVENESS RANKING OF GOVERNMENT AND INSTITUTIONAL PLANNING BY DISTRICT IN SULA ISLANDS REGENCY IN 2019

Sub-district	Score	Rank
Sanana	2.9506	1
North Sanana	2.7101	2
Central Sulabesi	1.4398	3
North Mangoli	0.9370	4
West Mangoli	0.5401	5
West Sulabesi	-0.3438	6
East Sulabesi	-0.3763	7
Central Mangoli	-1.0209	8
South Mangoli	-2.2169	9
East Mangoli	-2.2184	10
North East Mangoli	-3.1008	11
South Sulabesi	-3.9006	12

Government and institutional planning in particular to improve competitiveness relates to the quality of planners, inter-agency coordination and evaluation and monitoring processes. Government planning policies that are directed at developing institutions create a conducive systematic planning regime that is expected to achieve better economic growth over time. Based on the data in Table 3, it can be seen that the sub-districts that occupy the top 3 rankings with the highest scoring

are Sanana District (2.9506), North Sanana District (2.701), and Central Sulabesi District (1.4398), in contrast the 3 lowest ranks are South Sulabesi District (-3.9006), East Mangoli District (-3.1008), and East Mangoli District (-2.2184). Districts in the median position of West and East Sulabesi also have scores close to the average. Observing the range of scores for the scope of Government and Institutional Planning informs a fairly wide range of competitiveness positions between districts.

**E. Financial Competitiveness, Business and District Manpower**

Regional financial independence is generally related to central government support through a policy of transfers to regions that supports the implementation of fiscal decentralization with an increasing allocation of transfers to regions but must be accompanied by improvements in regional financial management by regional governments, both in terms of regional income and expenditure. Regional income leads to regional fiscal independence, while regional spending focuses on quality of spending.

TABLE IV. RANKING OF FINANCIAL, BUSINESS AND MANPOWER COMPETITIVENESS BY DISTRICT IN SULA ISLANDS REGENCY IN 2019

Sub-district	Score	Rank
Sanana	1.9867	1
West Mangoli	0.0578	2
North Sanana	0.0303	3
Central Sulabesi	0.0045	4
North Mangoli	-0.1384	5
Central Mangoli	-0.1790	6
West Sulabesi	-0.3830	7
South Sulabesi	-0.3840	8
East Mangoli	-0.4142	9
East Sulabesi	-0.4542	10
North East Mangoli	-0.5109	11
South Mangoli	-0.5219	12

Based on the 3rd scope scoring sub-scope of financial capacity and business efficiency, and labour market flexibility, out of 12 sub-districts in Sula Islands Regency, Sanana District is again in 1st place (1.9867). Second place is West Mangoli District (0.0578), and 3rd place is North Sanana District (0.0303). Districts with a positive score below the 3rd place are Central Sulawesi (0.0045). Furthermore, 8 other districts namely North Mangoli, Central Mangoli, West Sulabesi, South Sulabesi, East Mangoli, East Sulabesi, East North Mangoli, and South Mangoli showed negative scores. The three sub-districts mentioned last had the lowest negative score, ranked 3. The average value (0.0045; Central Sulabesi) results of the competitiveness score of the 3rd scope is higher than the median value (-0.1790; Central Mangoli District; -0.3830 West Sulabesi District). The results in the 3rd scope look different from the 1st and 2nd scope, indicating that the sub-district's mean score or score is negative below the average with the tendency for the competitiveness of half of the sub-districts that are below the mean in Sula Islands Regency to have negative performance (table 4).

#### F. Competitiveness of Quality of Life and Subdistrict Infrastructure Development

Indicators of the quality of human resources are measured by the Human Development Index (HDI) which is formed from Life Expectancy (Years), Literacy Rate (Percent), Average Length of School (Years), and Purchasing Power (Rupiah). However, in this study, the quality of life is more related to the number and growth of the population as well as the ability of the population to access various basic facilities, namely education, health, basic facilities such as drinking water, easy access to public facilities, environmental security including disaster security, and the percentage of the well-off population. reach the technology infrastructure. This indicator actualizes the level of community welfare and equitable distribution of welfare between and within the sub-districts.

TABLE V. RANKING OF COMPETITIVENESS OF QUALITY OF LIFE AND INFRASTRUCTURE DEVELOPMENT BY DISTRICT IN SULA ISLANDS REGENCY IN 2019

Sub-district	Score	Rank
Sanana	1.6995	1
North Sanana	0.5984	2
Central Sulabesi	0.2643	3
North Mangoli	0.0986	4
West Mangoli	-0.0508	5
Central Mangoli	-0.0915	6
East Sulabesi	-0.1568	7
South Mangoli	-0.1635	8
West Sulabesi	-0.2184	9
East Mangoli	-0.3085	10
North East Mangoli	-0.3361	11
South Sulabesi	-0.3735	12

Based on the analysis of the competitiveness indicators of quality of life and infrastructure development, the twelve sub-districts in Sula Islands have 12 competitiveness ratings with a range of 1.6995 to -0.3735. Sanana Sub-district has the highest competitiveness ranking (1.6995) for all 4th scope variables in all districts, followed by North Sanana District (0.5984) in 2nd place, Central Sulabesi District (0.2643) in 3rd place. Districts with positive scores are North Mangoli (0.0986), the rest have negative scores, namely West Mangoli District (-0.0508), Central Mangoli District (-0.0915), East Sulabesi District (-0.1568), South Mangoli District (-0.1635), Sulabesi District West (-0.2184, East Mangoli District (-0.3085), Northeast Mangoli District (-0.3361), and South Sulabesi District (-0.3735).

A good development process needs to pay attention to regional potential as well as local wisdom by examining GRDP and determining both basis and non-basis potential to optimize the competitiveness of potential sectors as an effort to realize the welfare of local communities. Competitive regions will prioritize programs for developing their superior economic potential as a priority. Sula Islands are the regions with economic growth ranked sixth on the scale of North Moluccas Province measured based on the trend of Sula Islands' gross regional domestic product (GRDP) for five years (2014-2019).

Likewise with per capita income. Referring to the Gross Regional Domestic Product and the trend of Economic Growth, the leading sectors of Sula Islands are agriculture, forestry and fisheries, wholesale and retail trade, construction, manufacturing, and financial and insurance services. The contribution of these five sectors, especially the first two sectors, is very significant and has positioned them as the leading (superior) for the last four years (2015-2019) with a positive share. However, the benefits of these resource management resources appear to be more focused on the downtown area.

Analysis of the competitiveness of the sub-district area becomes a barometer for measuring regional performance in increasing development, optimizing all human resources within the region, between regions by the government, and the community in synergy. Competitiveness analysis is a starting point for assessing the ability of each sub-district and how each sub-district is compared with each other in each scope as basic information in implementing interventions, in promoting, and in marketing innovative regional products in a sustainable manner, so that local governments are able to increase rankings and reduce gaps. between districts in Sula Islands Regency. Improvement and development of infrastructure is very relevant to increasing competitiveness. Increased competitiveness correlates with capital and human capital. The availability of physical capital for infrastructure is closely related to investment and affects economic growth.

Creating a conducive investment climate encourages positive developments in investment realization. The development of investment cannot be separated from several positive assessments of the ability of regions to invest in activities. Increasing competitiveness has two sides, namely the opportunity to place Sula Islands Regency as an investment destination that is attractive to investors, as well as improving the welfare of the community.

#### V. CONCLUSION

Based on the analysis of the competitiveness of the four scopes and each sub-scope studied, the economic structure for the highly competitive sub-districts is dominated by the structure of the primary industry, except for Sanana District, which is supported by tertiary industries. Sanana District, North Sanana, North Mangoli and West Mangoli have high competitiveness in trade and services which are also the highest contributors to the region. The high competitiveness of several kecamatan is supported by the accumulation and mobilization of resources, in the form of capital accumulation, labour skills, and investment opportunities. However, natural resources owned by a region are the main capital in triggering the rate of increasing competitiveness of the region concerned. The management of heterogeneity or the diversity of characteristics of an area plays an important role in reducing or widening the gap between regions and between economic sectors of a region.

So far, various programs have been developed by the government to encourage the competitiveness of each sub-

district, but it seems that the government still needs more strategies in terms of implementing development policies in the future. The strategy taken must be able to encourage and accelerate regional competitiveness as well as a means of equalizing competitiveness between sub-districts. If not, then differences in competitiveness, which is one of the indicators of economic growth, will cause an adverse impact and dominate spread effects or a beneficial effect on regional competitiveness.

Sectorally, the industrial potential is moving positively, however in the aggregate it can be seen that this movement is dominant in only a few sub-districts and has not been able to have a significant impact on other districts that tend to have low competitiveness. Similar to the industrial sector, the trade sector also seems unable to improve the competitiveness of sub-districts that are outside the Central Sula Islands which have advantages in the natural resource sector. The development process in the Sula Islands appears to have tended to encourage certain sectors such as wholesale and retail trade as well as improve transportation infrastructure, while the agricultural sector received less attention. At the same time, most of the supporting infrastructure for economic activity is located in these three sub-districts. Trade and services sector, transportation is the leading sector which is considered capable of driving the growth of other sectors. However, this strategy has not fully succeeded in stimulating other sub-districts that have limited development resources, especially those that are geographically far away.

## VI. RECOMMENDATIONS

Referring to the results of the conclusions described above, there are several suggestions that are expected to become recommendations for refining the policy to increase competitiveness in Sula Islands Regency, including:

- The agricultural sector, primary, secondary, and tertiary industries are sectors with high competitiveness in four of the seven sub-districts in Sula Islands which must be encouraged to provide spread effects or beneficial effects on the competitiveness of the other three districts. Especially for small industries, especially commodities with the characteristics of Sula Islands, their competitiveness can be increased through the support of capital policies, production techniques, and marketing so that commodities typical of Sula Islands produced by small industries can compete in the market. In addition, Sula Islands Government needs to be proactive in stimulating the growth of investment interest in the sub-district, supported by an increase and improvement in the quality of human resources to create a quality workforce.

- Sula Islands region in the central part of the city is an area that is experiencing higher growth compared to other sub-districts, both in the region of Sulabesi Island and Taliabu Island. This can be seen from the competitiveness scoring of each scope and sub-environment. This condition shows that there has been a competitiveness gap between the Central region of Sula Islands and its supporting areas, so it requires government policies related to increasing the competitiveness of the region. Increasing the competitiveness of the sub-district characterized industrial sector is a focus on industries based on local wisdom, characterized by rural industries through the introduction of technology and markets. The low competitiveness of other sub-districts is also caused by the sub-optimal accessibility of the area by land and sea.
- Policies for increasing competitiveness through regional development need to refer to the concept of sub-district growth by considering the potential of the economic sector, in order to further give priority to sub-districts that have the advantage of becoming regional growth centres, so that development implementation is not focused on only one point of growth. namely at the Centre of Sula Islands.

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