
Evaluation of Government Public Expenditure Performance of the North Sulawesi Province in Increasing Job Opportunities

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Abstract

Local governments, as the main actors in public budget management, have a significant role in creating an environment that supports economic growth and expands access to the workforce. This study aims to evaluate the performance of public spending of the North Sulawesi Provincial Government in increasing employment opportunities. The focus of this research is on the analysis of public expenditure allocation and its impact on job creation in the province. The method used is descriptive qualitative research with a library research approach that analyzes public expenditure data, programs implemented, and their impact on job opportunities. The results of the study show that public spending allocated to sectors such as infrastructure, community empowerment, and skills education has a positive impact on creating jobs, especially in the construction, agriculture, and service sectors. However, the challenge faced is the mismatch of the skills provided in training with the needs of the labor market. The study suggests that the government improve the relevance and quality of skills training programs and expand the sectors that receive attention in public spending to create more sustainable and inclusive jobs.

Keywords: public spending, job opportunities, performance evaluation

INTRODUCTION

Increasing employment opportunities is one of the strategic goals in the economic development of a region (Krasniqi, 2019). Local governments, as the main actors in public budget management, have a significant role in creating an environment that supports economic growth and expands access to the workforce. Public spending is an important instrument in supporting the achievement of this goal. According to Musgrave, R. A., & Musgrave, (1989), the main functions of public spending are resource allocation, income distribution, and economic stabilization. With targeted budget allocation, local governments can increase economic productivity and create wider job opportunities.

In North Sulawesi Province, public budget management is a crucial issue, especially considering the huge regional economic potential. (Azizah et al., 2022). This province is known to have excellent sectors such as tourism, fisheries, and agriculture that can be the main driver of labor absorption. Challenges remain, such as the efficiency of regional spending, the effectiveness of government programs, and adequate budget absorption to encourage inclusive economic development. The Central Statistics Agency (BPS) noted that the open unemployment rate in North Sulawesi in recent years has fluctuated, reflecting the dynamics in the provision of job opportunities.

Table 1. Realization of North Sulawesi Provincial Government Expenditure by Type of Expenditure (Thousand Rupiah)

Types of Production	2020	2021
Indirect Shopping		
Employee Expenditure	1.190.133.263	1.210.423.060
Flower Shopping	5.786.178	38.724.932
Subsidy Spending	-	62.972
Grant Shopping	391.722.804	417.253.247
Social Assistance Shopping	3.470.000	27.112.235
Revenue Sharing Expenditure to Provinces/Regencies/Cities	289.548.384	889.000.481
Expenditure of Financial Assistance to Provinces/Regencies/Cities and Village Governments	-	-
Unexpected Shopping	216.942.676	-
Amount of Indirect Spending	2.097.603.304	2.582.576.926
Shop Direct		
Employee Expenditure	829.851.216	146.159.561
Shopping for Goods and Services	1.064.612.238	828.421.505
Capital Expenditure	3.996.790.454	4.078.546.335

Source: Central Agency for Government, Fiscal and Public Sector Statistics of North Sulawesi

The realization of regional expenditure by the North Sulawesi Provincial Government for 2020 and 2021 shows diverse spending priorities. This spending consists of two main categories: Indirect Spending and Direct Spending, each of which has contributed to economic growth and job creation in the region. Indirect spending includes expenses that are not directly tied to a particular program. The largest component in this category is employee spending, which increased from IDR 1.19 trillion in 2020 to IDR 1.21 trillion in 2021. Although it does not directly create new jobs, this expenditure is important to maintain the sustainability of public services and support regional economic stability.

Expenditure on grants and social assistance showed a significant increase, especially social assistance which increased from IDR 3.47 billion (2020) to IDR 27.11 billion (2021). This allocation helps improve people's social conditions and increase purchasing power, which indirectly opens up job opportunities in the informal sector. A large increase was also seen in revenue-sharing spending to provinces/districts/cities, which jumped from IDR 289.54 billion to IDR 889 billion. This allocation supports regional development programs, such as infrastructure and local economic empowerment, which contribute directly to job creation. Direct spending, which includes spending on the implementation of programs and activities, has a more pronounced impact on job creation. Capital expenditure is the largest component, with a realization of IDR 3.99 trillion in 2020 and an increase to IDR 4.07 trillion in 2021. Investment in capital expenditure, such as infrastructure development, public facilities, and productive projects, directly creates jobs in the construction sector and other supporting services. There was a decrease in employee spending and spending on goods and services in the direct spending category in 2021 compared to 2020. This indicates that there is an adjustment in budget priorities that may affect the operational activities of government programs.

North Sulawesi regional spending plays an important role in increasing job opportunities through various mechanisms. Capital expenditure, for example, not only

creates jobs in the construction sector but also provides *a multiplier effect* for other sectors, such as transportation, trade, and services. Allocations for grants and social assistance help improve people's welfare so that they can encourage the growth of small and medium enterprises (SMEs). By optimizing expenditure allocation, especially for productive sectors such as infrastructure, education, and tourism, the North Sulawesi Provincial Government can be more optimal in reducing the unemployment rate and improving the quality of the workforce in the region.

The classical economic theory proposed by (Smith, 1976) *The Wealth of Nations* states that government intervention in the economy must be focused on strategic sectors that cannot be fully implemented by market mechanisms. Public spending, particularly directed at productive sectors such as infrastructure and education, plays an important role in creating jobs. An empirical study by (Keynes, 1999) *The General Theory of Employment, Interest, and Money* also emphasizes that government spending can increase aggregate demand, which ultimately drives an increase in employment opportunities.

A number of studies show that the effectiveness of public spending is highly dependent on its allocation and use. According to (Mankiw, 2019), spending directed at the development of physical and social infrastructure has *a high multiplier effect* on labor absorption. A study by (Gupta, S., Clements, B., Baldacci, E., & Mulas-Granados, 2002) In the case of developing countries, it also shows that efficient public spending can significantly reduce unemployment. This is relevant to the condition of North Sulawesi, where public spending is expected to encourage the development of regional leading sectors and contribute to labor absorption.

For fiscal decentralization in Indonesia, local governments have greater authority in budget management, including public spending. Law Number 23 of 2014 concerning Regional Government gives a mandate to local governments to manage finances in a transparent, accountable, and efficient manner in order to improve the welfare of the community. The effectiveness of public spending in supporting economic growth and employment opportunities is often influenced by various factors, such as budget planning, program implementation, and regional financial supervision.

Previous studies have explored the influence of public spending on economic growth and job creation in different regions. One of the relevant studies was conducted by (Gupta, S., Clements, B., Baldacci, E., & Mulas-Granados, 2002), which observed the composition of public spending in developing countries. The study shows that public spending directed at infrastructure and the social sector has a positive impact on economic growth, which in turn increases employment opportunities. This study emphasizes the importance of efficiency and effectiveness of budget allocation, especially in supporting sectors that have a high multiplier effect on employment.

Research by (Musgrave, R. A., & Musgrave, 1989) The book *Public Finance in Theory and Practice* explains the main function of public spending, namely as a tool for income distribution, resource allocation, and economic stabilization. Their research underscores that public spending focused on productive sectors can create a sustainable impact on labor absorption, especially in regions with high unemployment rates.

In Indonesia, a number of similar studies have been conducted to evaluate the effectiveness of public spending at the regional level. For example, research by (Mahi, B.

R., & Nazara, 2006) found that regional budgets allocated to the education and infrastructure sectors can improve the quality of the workforce and create more job opportunities. The study also notes that poor budget planning is often an obstacle to achieving optimal results.

According to Karim, (2016) The results of the research and discussion that have been highlighted above, the following conclusions can be drawn: the efforts of the Enrekang Regency Government in managing regional finances based on one-stop programs and work unit activities and oriented towards increasing usability and appropriate results in all revenue sectors have been running optimally. The imbalance between regional revenue and expenditure is caused by the inability of the Enrekang Regency Government to determine strategic revenue posts based on the superior potential possessed by the region and the inability to prioritize regional spending. The novelty of this research was carried out in North Sulawesi Province in Increasing Employment.

Another research by (Kusumadewi, A., Suharto, I., & Yusfi, 2019) Highlighted that public spending in the tourism sector in certain provinces in Indonesia contributed significantly to the increase in labor absorption. The study is relevant to North Sulawesi, which has great potential in the tourism sector, but the effectiveness of public spending in encouraging this sector has not been comprehensively evaluated.

This study aims to evaluate the performance of public spending of the North Sulawesi Provincial Government in increasing employment opportunities. The main focus of this study is to analyze the extent to which budget allocations and government programs are able to create wider job opportunities for the community. This evaluation is expected to provide strategic policy recommendations to increase the effectiveness of public spending, so as to encourage inclusive and sustainable economic growth in North Sulawesi.

Literature Review and Hypothesis Development

The Concept of Public Spending and Its Influence on the Economy

Public expenditure includes government expenditure to carry out government functions, such as infrastructure development, provision of public services, and provision of subsidies. According to (Musgrave, R. A., & Musgrave, 1989), the main functions of public spending are *allocation*, *distribution*, and *stabilization*. Economic development, public spending is often used as an instrument to increase economic growth and create jobs. (Keynes, 1999). A study by (Todaro, M. P., & Smith, 2015) Shows that government investment through capital expenditure, such as infrastructure development, can increase labor productivity and attract private-sector investment. On the other hand, employee spending, grants, and social assistance support socio-economic stability which indirectly drives economic growth.

Public Spending and Employment Opportunities

Empirical research has highlighted the relationship between public spending and job creation. Barro (1990) stated that spending on public infrastructure has a positive impact on the economy by increasing labor demand, both in the formal and informal sectors. Another study by Dinh et al. (2012) shows that public spending directed at productive

sectors, such as infrastructure and education, has a major influence in reducing the unemployment rate.

In Indonesia, the results of a study by Bappenas (2020) revealed that efficient budget allocation in the infrastructure sector has a strong correlation with a decrease in the unemployment rate. Social assistance programs and grants can help the poor to be more active in local economic activities, even if the impact is short-term. North Sulawesi, as one of the provinces in Indonesia, has great potential in the tourism, agriculture, and fisheries sectors. A study by (Bank Indonesia., n.d.) Stated that the increase in government capital expenditure in North Sulawesi in the tourism infrastructure sector contributed to regional economic growth. The BPS report (2021) also shows that the open unemployment rate in North Sulawesi is still influenced by dependence on the informal sector, which requires a boost from more strategic government spending.

RESEARCH METHOD

In this study, the method to be used is a descriptive qualitative method. A descriptive qualitative method is an approach used to understand social phenomena by describing and analyzing events or occurrences that occur in the field in depth. In this study, the author focuses on understanding how public spending by the North Sulawesi Provincial government affects job creation. The data collected will be used to describe and analyze the relationship between public spending and job opportunities, as well as provide an in-depth understanding of public policies implemented in the area.

Descriptive qualitative research focuses on describing phenomena in the form of clear and in-depth descriptions without altering or manipulating existing data. This approach allows researchers to dig deeper into the conditions that are occurring. In accordance with (Creswell, W. John, 2018) View, this study seeks to describe social dynamics related to the influence of public spending on the economy and employment opportunities in North Sulawesi Province. Through this method, researchers can identify various factors that affect the implementation of public spending policies and how they contribute to job creation.

This approach also allows researchers to understand the perspectives of the public and policymakers regarding the role of public spending in increasing employment opportunities. For example, the researcher will explore how government spending in sectors such as infrastructure and education contributes to labor absorption and unemployment reduction in North Sulawesi. The data obtained will be used as material to develop policy recommendations that are relevant to the local context.

In this study, data collection will be carried out using *library research*. *Library research* is a method that relies on written sources available in libraries, journals, scientific articles, books, and other documents as the main source of data. According to (Creswell, W. John, 2018), this method can be used to collect relevant information related to theories, previous research, and policy documents that support the research. The data collected through this *library research* will include studies on public spending, relevant theories about the economy and employment opportunities, as well as reports related to regional budgets in North Sulawesi. The data obtained from library research will be analyzed using

a qualitative data analysis method developed by (Miles, B Matthew; and Huberman, 2014). This method consists of three main interrelated stages: data reduction, data presentation, and conclusion drawn. These three stages work systematically to facilitate a deeper understanding of the phenomenon studied, in this case, the influence of public spending on employment opportunities in North Sulawesi Province.

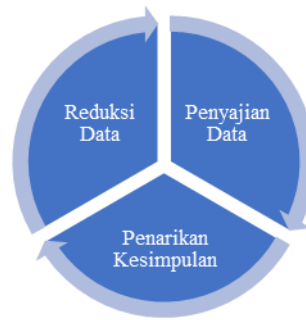


Figure 1. Miles and Huberman Interactive Data Analysis Model

This method also allows researchers to obtain important secondary data, such as North Sulawesi Provincial government budget statistics, employment data, and reports from relevant government agencies. Through *library research*, researchers can access extensive and in-depth information sources to support research analysis and discussion.

The descriptive qualitative method allows researchers to delve into the phenomenon in detail and look at the various dimensions that affect the relationship between public spending and employment opportunities. One of the advantages of this approach is the flexibility in digging up information that is not only focused on quantitative variables but also on existing social and policy contexts. This method can provide a more comprehensive understanding of the factors that affect the outcome of public spending policies, which may not be revealed in quantitative research.

RESULTS AND DISCUSSION

In this section, the results of the analysis carried out on the comparison and evaluation of various aspects of public expenditure and state revenue will be presented. The main focus of this study is to compare the data obtained related to the Realization of Non-Tax State Revenue (PNBP) in 2023 and 2022, as well as to analyze the details of the budget and the realization of allocated expenditure according to programs and types of expenditure in 2023. This study will also discuss a comparison between the realization of expenditure in 2023 and 2022, with the aim of assessing the extent of budget achievement and the efficiency of the use of state funds in supporting planned programs. This analysis also aims to provide recommendations for improving state budget management policies in the future, by paying attention to various factors that affect the achievement of state expenditure and revenue.

Table 2. Comparison of PNBP Realization in 2023 and 2022

Description of Types of PNBP	Realization of PNBP (Rp)	Up / Down (Rp)	Up/Down (%)
Rental Income of Land, Building, and Building	30.028.628	(185.507)	(0,61)
Total	30.028.628	(185.507)	(0,61)

Source: Financial and Development Supervisory Agency (BPKP)

Comparison of the realization of Non-Tax State Revenue (PNBP) for 2023 and 2022, by referring to Table 1 which shows data on income from renting land, buildings, and buildings. Based on this data, it can be seen that in 2023, the realization of PNBP for this category is IDR 30,028,628, which has decreased by IDR 185,507 or 0.61% compared to 2022.

This decline reflects a significant change in state revenue from the land, building, and building rental sectors, although the nominal decrease is not large. This can be caused by various factors, such as changes in rental policies, property market conditions, or other economic factors that affect the demand for land and building rentals. Further evaluation of this decline needs to be carried out to understand whether these factors are temporary or structural and can have an impact on the wider allocation of public spending.

The North Sulawesi Provincial Government's public spending, the realization of lower PNBP may affect regional revenues used to fund development programs, including programs aimed at increasing employment opportunities. Monitoring and evaluation of the realization of PNBP need to be carried out to ensure that the allocation of expenditure is in accordance with the needs of regional priorities, especially in encouraging sectors that can create more jobs.

Table 3. Budget Details and Expenditure Realization by Program in 2023

Program Code	Program Description	Budget (Rp)	Realization (Rp)	% Realization (%)
WA	Management Support Program	19.579.458.000	19.425.097.245	99,21
CH	Development Supervision Program	3.693.068.000	3.598.010.664	97,43
Sum		23.272.526.000	23.024.037.909	98,93

Source: Financial and Development Supervisory Agency (BPKP)

The table above shows the details of the budget and realization of the North Sulawesi Provincial Government's expenditure for 2023, which is divided according to certain programs. This table reveals the budget and realization for two main programs, namely the Management Support Program and the Development Supervision Program.

The Management Support Program (WA) has a budget of IDR 19,579,458,000 and a realization of IDR 19,425,097,245, with a realization rate of 99.21%. This figure shows that most of the budget allocated for this program has been realized, which means that activities related to management support have been carried out with high efficiency.

The Development Supervision Program (CH) has a budget of IDR 3,693,068,000 and a realization of IDR 3,598,010,664, with a realization rate of 97.43%. Although the realization rate of this program is slightly lower than that of the Management Support Program, the achievement of 97.43% shows that the development supervision is going well and most of the funds that have been allocated are used as planned.

The total budget allocated for the two programs is IDR 23,272,526,000, with a total realization of IDR 23,024,037,909 or 98.93% of the total budget. The realization of expenditure of almost 99% shows a good level of effectiveness in the management of the provincial government's budget in 2023.

Evaluation of the performance of public spending to increase employment opportunities, programs such as the Development Supervision Program are very relevant. This program is directly related to infrastructure development and supervision of development projects that can create jobs for the community, both in the formal and informal sectors. Although the allocation for this program is not as large as the Management Support Program, its contribution to improving employment opportunities is crucial, given that effective development supervision can prevent budget waste and ensure that the projects implemented provide maximum benefits.

The high realization rate (98.93%), and the budget used for these programs show that the local government has been quite effective in managing funds to support development that has the potential to create jobs. Further evaluation of other programs that focus on sectors such as education, health, and tourism is also important to understand the overall impact of public spending on employment opportunities in North Sulawesi.

Table.4 Budget Details and Realization of Types of Expenditure in 2023

Shopping Codes	Type	Types of Shopping	Budget (Rp)	Realization (Rp)	Realization (%)
51		Employee Expenditure	15.481.462.441	15.412.967.266	99,56
52		Shop Goods	7.483.246.000	7.291.330.146	97,43
53		Capital Expenditure	307.818.000	319.740.497	103,88
Sum			23.272.526.000	23.024.037.909	98,93

Source: Financial and Development Supervisory Agency (BPKP)

Table 3 above, which shows the details of the budget and the realization of the type of expenditure in 2023, provides an in-depth picture of how the budget is distributed and the extent to which the government is able to utilize the funds that have been allocated.

In 2023, the budget for employee spending is allocated at IDR 15,481,462,441, with a realization of IDR 15,412,967,266, or 99.56% of the total planned budget. This figure shows the level of budget utilization is almost maximum. This employee expenditure includes various costs related to salaries, allowances, and welfare for state apparatus that play a direct role in carrying out government functions. The effectiveness of the use of employee spending can be seen from its contribution to implementing government programs that not only focus on government administration but also create job opportunities and improve the quality of public services. For example, with well-trained employees, the government can organize programs that focus on skill development and

employment, such as job training programs and MSME development that can improve people's welfare.

For goods spending, the budget provided in 2023 is IDR 7,483,246,000, with a realization of IDR 7,291,330,146 or 97.43% of the planned budget. This procurement includes the procurement of operational goods used to support government activities. This procurement covers various sectors, such as education, health, and sectors related to social development.

Although the realization is slightly lower than employee spending, the use of goods spending still supports the course of development activities which in turn can affect the creation of jobs. For example, the procurement of goods for education and health facilities can improve the quality of human resources in the area, which will later increase the competitiveness of the workforce and open up more job opportunities, especially in the service and education sectors.

Capital expenditure has a budget of Rp 307,818,000, with a slightly higher realization of Rp 319,740,497, which results in 103.88% of the realization of the budget that has been set. The budget for this capital expenditure is used for the purchase of fixed assets that support infrastructure development, such as the procurement of buildings, roads, bridges, and other public facilities. Capital expenditure is one of the types of expenditure that most directly impacts the increase in job opportunities, especially in the construction and infrastructure sectors. Sustainable infrastructure development creates jobs not only in the short term (such as construction work) but also in the long term, such as the creation of new jobs in the transportation, tourism, and trade sectors. Improving good infrastructure will reduce transportation costs, open access to remote areas, and increase the economic potential of the region which will ultimately create more job opportunities. The achievement of budget realization which almost reached 99% overall, reflects the efficient budget management by the North Sulawesi Provincial Government, and the proper use of public spending can help support the creation of job opportunities. However, there is still room for further optimization, especially in accelerating the impact of infrastructure programs on broader and sustainable job creation.

Table 5. Comparison of Expenditure Realization in 2023 and 2022

Shopping Type Codes	Types of Shopping	Realization of Expenditure (Rp)	Net Up / Down (Rp)	Up/Down (%)
51	Employee Expenditure	15.412.967.266	630.071.181	4,26
52	Shop Goods	7.291.330.146	(780.854.854)	(9,68)
53	Capital Expenditure	319.740.497	(277.734.822)	(46,47)
Total		23.024.037.909	(727.746.495)	(3,06)

Source: Financial and Development Supervisory Agency (BPKP)

Evaluate the performance of public spending carried out by the North Sulawesi Provincial Government in 2023, especially related to the realization of spending and its impact on increasing employment opportunities. Based on the table showing the details of the budget and the realization of spending, several interesting patterns can be identified,

which have the potential to affect the effectiveness of public spending in creating jobs in this province.

The realization of employee expenditure was recorded at Rp 15,412,967,266, with an increase of 4.26% compared to the previous year, showing that the government is focused on improving the quality of the state civil apparatus (ASN). This increase in employee spending can be interpreted as an effort to strengthen the capacity of government administration, which in turn can increase the effectiveness of the implementation of programs related to job creation. Directly, the increase in the budget for employee spending shows that the government pays more attention to strengthening the bureaucratic sector, which has the potential to support the management of employment programs more effectively. Employees who are more trained and competent will be better able to formulate and implement policies that have a direct impact on increasing job opportunities in various sectors. However, this does not necessarily create jobs directly but rather improves the existing system to be more efficient in managing resources and job opportunities.

Meanwhile, goods spending decreased by (9.68%), with a total realization of IDR 7,291,330,146. This decline indicates savings in government operating expenditures, which may include reducing costs for the procurement of goods and services, such as consumables, office stationery, and other equipment. On the positive side, these savings can be diverted to fund other programs that have a more direct impact on job creation. For example, the savings can be used to increase the budget for the infrastructure sector or skills training programs for the workforce, which can open up more job opportunities for the community. However, on the other hand, if these savings lead to a reduction in the quality of services or the procurement of essential goods for the implementation of the program, this could worsen the effectiveness of spending in supporting job creation (Tresch, 2022).

One of the most significant findings was a large decrease in capital expenditure of (46.47%), with a total realization of Rp 319,740,497. This relatively low capital expenditure has the potential to have a negative impact on job creation, especially in the construction and infrastructure sectors. Physical development projects, such as the construction of roads, buildings, and other public facilities, are sectors that can directly create jobs, both in the short term (through construction projects) and in the long term (through increased accessibility and economic growth). This decrease in the capital expenditure budget is worthy of concern, as it reduces the opportunity to accelerate the development of infrastructure that is indispensable to drive economic growth and job creation. The North Sulawesi Provincial Government needs to review its budget management strategy so that capital expenditure is not cut too much, especially in sectors that can encourage job creation, such as the development of public infrastructure and economic support facilities.

The total realization of expenditure in 2023 decreased by (3.06%) compared to the previous year, with a total realization of IDR 23,024,037,909. This decline, especially in capital expenditure and goods spending, suggests that more limited budget allocations can affect the number and quality of jobs created through government programs. Despite the decline in goods and capital spending, the increase in employee spending shows that the government is still focused on improving the quality and capacity of the bureaucracy that can support the implementation of better employment policies. Although capital

expenditure has decreased significantly, the existing budget can still be used to support job skills training and the development of sectors that have a direct impact on job creation, such as the education and health sectors.

Discussion

Government Policies in Increasing the Effectiveness of Public Spending

In public spending policy, the government has a great responsibility to ensure that the allocation of funds given to various sectors, such as education, health, infrastructure, and employment, can run effectively and efficiently (Bleyen et al., 2020). The effectiveness of public spending is not only measured by how much of the budget is used but rather by the extent to which the budget can improve people's welfare and encourage economic growth. Bouckaert & Van Dooren, (2015). Government policies in increasing the effectiveness of public spending are the key to realizing sustainable and highly competitive development.

According to (Musgrave, R. A., & Musgrave, 1989), public spending serves to distribute resources fairly across all levels of society, provide public goods and services, and regulate economic stability. In this perspective, effective public spending policies must be able to optimize the use of the budget to achieve these goals. One of the relevant theories in this discussion is the theory of *allocation efficiency*, which refers to the use of the public budget to provide maximum benefits by minimizing waste or unproductive spending. (Fairclough, 2003). This theory emphasizes that government budgets must be used efficiently and that there is no waste in the provision of public goods and services. (Bandyopadhyay & Singh, 2023).

Furthermore, fiscal policy theory is also very relevant to examine public spending policies in increasing employment opportunities. According to Keynesian *economics* (Keynes, 1999), governments can introduce expansionary fiscal policies through increased public spending to boost aggregate demand and, in turn, increase employment opportunities. When the government increases spending in important sectors such as infrastructure, education, and health, it will create a *multiplier* effect that will expand employment, which will directly impact the reduction of unemployment and the improvement of people's welfare.

In Indonesia, public spending policies in recent years have also reflected the principles of accountability and transparency, where the government is encouraged to account for the use of public funds more openly. (Harrison & Sayogo, 2014). It also refers to the theory of *good governance*, which emphasizes the importance of clean and transparent governance in managing the state budget. (Grindle, 1980). This policy encourages the use of the budget for programs that are really needed by the community, as well as ensuring that the use of the budget can be closely supervised by the competent authorities.

The North Sulawesi Provincial Government has made efforts to increase the effectiveness of public spending through several policies that focus on sectors that can have a direct impact on increasing employment opportunities. One of the policies taken is to increase the budget for the education and skills training sector. As explained in the budget table, the allocation of funds for the vocational education and training sector is directed to

prepare a competent workforce, so that they can fill available job vacancies, especially in emerging sectors in North Sulawesi, such as tourism and agriculture.

Local governments also pay attention to increasing spending on infrastructure. Infrastructure development programs, such as the construction of roads, bridges, and other public facilities, play an important role in facilitating the mobility of goods and services, as well as increasing regional economic competitiveness. In the short term, these infrastructure projects can create direct jobs through the construction sector, while in the long term, infrastructure development will encourage more inclusive economic growth and create wider job opportunities. Although there are various policies that support the effectiveness of public spending, the main challenges faced by the North Sulawesi Provincial Government are budget constraints and uneven budget distribution. As seen in the comparison table of expenditure realization, a significant decrease in capital expenditure in 2023 shows savings that have an impact on infrastructure projects. This decline could risk delaying much-needed infrastructure development to accelerate economic growth and open up more job opportunities in the construction sector and related industries.

To increase the effectiveness of public spending, a budget policy that is directed and based on the real needs of the community is very important. One of the steps that can be taken is to reallocate the budget to sectors that have the potential to create wider jobs. For example, by diverting most of the budget for goods and unproductive employee spending to the infrastructure development and job training sectors.

Furthermore, to improve the effectiveness of public spending in the long term, the government needs to ensure that the allocated budget has clear goals and can be measured. The application of the principle of *performance-based budgeting* is a strategic step that can be taken, where the budget is only given to programs that have measurable performance indicators and are relevant to the main goal of public policy, namely increasing employment opportunities.

Efficient budget allocation policies can also be implemented by applying the principle of priority in the budget, which emphasizes the allocation of funds to sectors that have the greatest impact on the economy and employment. Therefore, the government's fiscal policy must be able to create a balance between the short-term needs for unemployment reduction and infrastructure development, as well as the long-term needs to build regional economic resilience.

Public Spending on Job Opportunities

Public spending is one of the important instruments used by the government to achieve various development goals, including increasing job opportunities. Public spending not only serves to provide public goods and services but also as a tool to encourage economic growth that can create jobs. Appropriate public spending policies can have a significant impact on labor absorption and unemployment reduction.

Theoretically, there are several approaches that explain the relationship between public spending and job opportunities. One of the relevant approaches is the Keynesian theory popularized by John Maynard Keynes. According to (Keynes, 1999), in a slumping economy, the government can encourage economic growth through increased public

spending. Through expansionary fiscal policies, such as increased spending in strategic sectors, the government can increase aggregate demand. This will then lead to increased production, which in turn will create new job opportunities.

In economic development theory, public spending is directed at sectors that have a direct impact on increasing productivity and creating job opportunities. One of the main sectors that is prioritized is the infrastructure sector. The development of adequate infrastructure, such as highways, bridges, and other public facilities, can improve connectivity between regions, which allows for better market access for local economic actors. Public spending in this sector can create direct employment in the construction sector, as well as indirect employment through increased economic activity due to infrastructure development.

Infrastructure development and maintenance have always been one of the priorities of public spending in many countries, including Indonesia. As seen in the budget data, spending on infrastructure projects, such as the construction of roads, bridges, and other transportation facilities, has a direct impact on labor absorption. These infrastructure projects not only create direct jobs within the construction sector, but can also encourage other sectors that depend on good infrastructure, such as trade, tourism, and the manufacturing industry. One type of public spending that is important in increasing employment opportunities is the allocation of funds for education and skills training. By providing education and training that is tailored to the needs of the job market, the government can prepare a more skilled and ready-to-use workforce. Skills training programs, especially those based on industry needs, can increase the *employability* of the workforce and reduce the unemployment rate.

The government can also allocate funds for direct employment programs, such as the creation of new jobs through grants or low-interest loans for small and medium enterprises (SMEs) or young entrepreneurs. In addition, entrepreneurship programs that encourage people to start their own businesses can also be an effective channel to reduce unemployment.

Public spending in the health sector, especially in the construction of health facilities and the provision of quality medical services, can create jobs in the health sector itself. An increase in the number of medical personnel, such as doctors, nurses, and other health workers, along with the construction of hospitals or health centers, can be a significant source of job opportunities.

North Sulawesi Province, in this case, has also made efforts to optimize public spending to increase job opportunities. Based on budget data and expenditure realization, local governments have allocated budgets for programs aimed at increasing employment opportunities, such as infrastructure development, skills training, and empowerment of local economic sectors. Adequate infrastructure development, as reflected in the budget for road and bridge projects, is expected to facilitate the distribution of goods and services, as well as open access to a wider market for local economic actors. The skills training program that has been implemented by the provincial government focuses on developing skills relevant to the needs of the job market, especially in the tourism and agriculture sectors, which are two of the leading sectors in North Sulawesi. With skills training, the community is expected to have abilities that are in accordance with industry standards, so that they can

compete in the labor market. Although there have been various policies and allocations of public expenditure aimed at creating job opportunities, the challenge that is still faced is the lack of coordination between various government agencies in implementing these policies. In addition, the sustainability of the employment programs that have been implemented is also an important factor to ensure that the job opportunities created can be sustainable.

Public spending policies directed at sectors that create job opportunities have great potential in reducing unemployment and improving people's welfare. Through increased public spending on infrastructure development, skills education and training, and entrepreneurship empowerment, governments can create jobs that not only reduce unemployment but also increase overall economic productivity. It is important for the government to continue to allocate the budget carefully, pay attention to real needs on the ground, and ensure that these programs can be implemented properly to achieve optimal results in job creation.

CONCLUSION

Conclusion This study aims to evaluate the performance of public spending of the North Sulawesi Provincial Government in increasing employment opportunities. Based on the results of the analysis of public expenditure data, the programs implemented, and their impact on labor absorption, several conclusions can be drawn that provide an overview of the extent to which public expenditure policies in North Sulawesi have contributed to job creation. From the results of this study, it can be concluded that the North Sulawesi Provincial Government's public spending in 2023 has had a positive impact on job creation, although there are still challenges to be faced. Programs focused on infrastructure development, community empowerment, and skills education and training have proven to be able to create many job opportunities, especially in sectors such as construction, agriculture, and services. Infrastructure development, such as road repairs, bridge construction, and other facilities, not only improves the physical condition of the region but also expands access to the labor market, increases business opportunities, and supports the tourism sector which is starting to grow rapidly. These sectors are important keys in the creation of sustainable job opportunities.

One of the key factors in the success of public spending in creating job opportunities is the improvement of the quality and relevance of the skills training programs held. Training programs that are only basic and less relevant to technological developments and industry demands can lead to mismatches between the skills possessed by job seekers and the needs of existing economic sectors. A more thorough evaluation of the types of skills needed by the labor market is needed as well as an update of the training curriculum to better suit the needs of the emerging industry. The public spending that has been allocated by the North Sulawesi Provincial Government in 2023 shows positive results in job creation, although there are still challenges that need to be addressed, such as the mismatch of skills possessed by the workforce with market demand and the limited sectors of concern. More focused, sustainable, and based on market needs evaluation is needed to

ensure that public spending can be optimal in increasing inclusive and sustainable employment opportunities.

This research is expected to open up space for more in-depth follow-up research on how public spending can focus more on emerging sectors that require special attention, such as the technology sector and the creative industries. Further research can also explore how more industry-integrated skills training programs can deliver more optimal outcomes in reducing skills gaps and creating wider job opportunities in North Sulawesi.

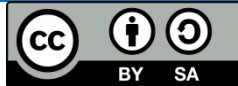
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