International Journal of Economic, Business, Accounting, Agriculture Management and Sharia Administration (IJEBAS)

International Journal of Economic, Business, Accounting, Agriculture Management and Sharia Administration (IJEBAS Journal) | ISSN (e): 2808-4713
Volumes 6 No. 4 (2026)

ANALYSIS OF THE DYNAMICS, STRUCTURE, AND TRANSFORMATION OF ECONOMIC GROWTH IN SOUTH SULAWESI PROVINCE: TRENDS AND SUSTAINABILITY CHALLENGES

Nur Indah[1], A. Niniek. F. Lantara[2]
[1,2] Universitas Muslim Indonesia/Makassar
[1]nurindahh1974@gmail.com, [2]niniek.lantara@umi.ac.id

Received : 15 June 2026	Accepted : 11 July 2026
Revised : 22 June 2026	Published : 17 July 2026

Abstract
South Sulawesi Province serves as a major economic growth center in Eastern Indonesia, characterized by rapid development dynamics over the past decade. This study aims to analyze economic growth patterns, economic structural transformation, sectoral contributions, and identify strategic challenges faced in efforts to achieve sustainable economic development. The research method used is a descriptive quantitative approach with comparative analysis and sectoral decomposition, using secondary time series data for the 2020–2024 period sourced from the Central Statistics Agency. The results show that the South Sulawesi economy has high resilience to external shocks, as evidenced by its rapid recovery after the COVID-19 pandemic and the achievement of an average growth rate of 5.12% per year. Structurally, the economy is still dominated by the primary sector (Agriculture, Forestry, and Fisheries) with an average contribution of 24.08%, followed by the tertiary sector (Trade and Services) and the secondary sector (Construction and Industry). Although there has been a gradual shift towards the service sector, the economic transformation towards industrialization has not been significant. Policy implications emphasize the need to strengthen the downstreaming of primary products, accelerate economic diversification, and equalize infrastructure across regions to create a more robust, balanced, and highly competitive economic structure.

Keywords: Economic Growth, Economic Structure, Economic Transformation, GRDP, Sustainability, South Sulawesi.

INTRODUCTION

Economic growth is a fundamental indicator reflecting a region's ability to manage its resources to improve public welfare. [1]Within the framework of national development, balanced growth across regions is essential for overall national economic stability. Eastern Indonesia, which has often lagged behind Western Indonesia, is now beginning to demonstrate a shift in its strategic role, marked by significant progress in South Sulawesi Province. South Sulawesi enjoys a highly strategic geographic position as a hub connecting regions, supported by abundant natural resources, including agriculture, maritime resources, and human resource potential. This advantageous location makes the region a hub for economic aggregation for the surrounding areas. [2]However, behind this potential, there is academic debate about the quality of the growth. Is this high growth supported by a healthy and diverse economic structure, or is it still heavily dependent on the exploitation of non-renewable and low-value natural resources? The post-crisis economic recovery of 2020 also presents an interesting topic for study. How can the existing economic structure withstand shocks and return to growth? An in-depth study of the dynamics of shifting contributions between economic sectors is essential for formulating targeted development policies, ensuring that growth is not merely pursued through numerical growth but rather creates sustainable and equitable economic progress. Based on these considerations, this study aims to comprehensively assess the economic growth conditions in South Sulawesi Province.

[1] Kuncoro, Mudrajad. (2021). Regional Economics: Theory, Problems, and Development Policies. Yogyakarta: UPP STIM YKPN.
[2] Sjafrizal. (2018). Regional Development Economics: Concepts and Strategies for Regional Economic Development. Padang: Andalas University Publishing Agency.

Published by **Radja Publika**

LITERATURE REVIEW

Regional Economic Growth Theory

Regional economic growth is defined as an increase in a region's economic capacity to produce goods and services over a specific period, as measured by the increase in Gross Regional Domestic Product (GRDP). According to Neoclassical theory, economic growth is driven by the accumulation of production factors (labor, capital, natural resources) and technological progress. Meanwhile, the structuralist view emphasizes that economic growth is not solely influenced by additional inputs but is largely determined by the shift in economic structure from the traditional sector to the more productive modern sector.[3]

Transformation of Economic Structure

The three-sector classification proposed by Colin Clark and Jean Fourastié explains the stages of economic evolution. The initial stage is dominated by the primary sector (agriculture, fisheries, mining), which relies on natural resources. As technology advances and per capita incomes increase, a shift occurs toward the secondary sector (processing, manufacturing). In later stages, the tertiary sector (trade, services, finance, education) becomes the largest contributor to the economy. This shift is an indicator of economic progress, but the process varies from region to region depending on locational advantages and available resources.[4]

Comparative Advantage and Basic Sectors

The Theory of Comparative Advantage explains that a region will develop rapidly if it focuses its activities on sectors that offer superior resources or relatively lower production costs compared to other regions. These superior sectors then become base sectors, whose products are not only consumed within the region but also traded internationally, thus generating an influx of income and strengthening the regional economy as a whole.[5]

METHOD

This research is an empirical study with a descriptive, analytical, and quantitative approach. The focus of the research covers the administrative area of South Sulawesi Province with a five-year analysis period, namely the period from 2020 to 2024. This period was chosen because it encompasses the economic crisis, recovery, and post-pandemic economic stabilization. The type of data used is secondary data in the form of time series data sourced from official publications of the Central Statistics Agency (BPS), including: Gross Regional Domestic Product (GRDP) Data at Current and Constant Prices, GRDP Data by Business Sector, and Data on the Economic Growth Rate of South Sulawesi Province and Nationally. Data Analysis Techniques are processed and analyzed through the Growth Analysis method: Calculating the rate of change in the GRDP value from year to year to see the trend of economic expansion or contraction , Economic Structure Analysis: Calculating the percentage contribution of each business sector to the total GRDP value to determine the economic composition, Structural Shift Analysis: Comparing changes in the percentage of the role of economic sectors at the beginning and end of the research period to see the direction of economic transformation that occurred, and Qualitative Descriptive Analysis: Explaining the causal factors, implications, and challenges that arise based on the empirical data obtained.[6]

RESULTS AND DISCUSSION

A. Analysis of Economic Growth Rate Development

South Sulawesi's macroeconomic performance exhibits very interesting dynamics and demonstrates strong economic resilience. The following is a breakdown of its economic growth rate compared to the national average:

Table 1. Comparison of South Sulawesi and National Economic Growth Rates 2020–2024 (%)

---

[3] Fahrudin, F. (2024). Determinants of Economic Growth: Analysis of Concepts, Indicators, and Measurement Approaches. Interdisciplinary Explorations in Research Journal, 2(3), 1375-1384.
[4] Sukirno, Sadono. (2018). Macroeconomics: Introductory Theory. Jakarta: PT Raja Grafindo Persada.
[5] Monica, M. (2020). Regional Planning and Development Based on Leading Economic Sectors in Kerinci Regency, Jambi Province. Geodika: Journal of Geographical Science and Education Studies, 4(2), 220-230.
[6] Hamali, S., Riswanto, A., Zafar, TS, Handoko, Y., Sarjana, IWM, Saputra, D., ... & Sarjono, H. (2023). Management research methodology: practical guidelines for research & writing scientific papers in management science. Jambi: Sonpedia Publishing Indonesia.

Kelompok Sektor	Sektor Lapangan Usaha	Kontribusi Rata-rata (%)	Kategori
Primer	Pertanian, Kehutanan, dan Perikanan	24,08	Dominan Utama
Tersier	Perdagangan Besar dan Eceran	17,12	Dominan Kedua
Sekunder	Konstruksi	11,29	Strategis
Sekunder	Industri Pengolahan	10,45	Potensial
Tersier	Transportasi dan Pergudangan	6,78	Berkembang
Tersier	Administrasi Pemerintahan	6,21	Penunjang
Lainnya	Sektor Jasa dan Lainnya	24,05	Pendukung
Sumber: Hasil Olahan Data PDRB BPS, 2025			

Year of South Sulawesi LPE (%) National LPE (%) Difference in Economic Conditions
2020 -0.42 -2.07 +1.65 Contraction due to the Pandemic
2021 4.01 3.69 +0.32 Early Recovery Phase
2022 5.73 5.31 +0.42 High Economic Expansion
2023 5.32 5.05 +0.27 Growth Stabilization
2024 5.51 5.14 +0.37 Sustainable Economic Strengthening
Average 4.03 3.42 +0.61 - . (Source: BPS processed, 2025)[7]

Data analysis shows that in 2020, the impact of the pandemic was felt across Indonesia, but the contraction in South Sulawesi was much milder than the national average. This demonstrates that the primary sector-dominated economic structure is more resilient to demand shocks and mobility restrictions. During the recovery period, South Sulawesi's economic growth rate consistently exceeded the national average, indicating the region's stronger economic leverage and untapped development potential.[8]

B. Analysis of Economic Structure and Shifts

Economic structure reflects how resources and economic activities are distributed. The following is the composition of average sectoral contributions during the study period:

[7] Central Statistics Agency. (2025). South Sulawesi in Figures 2025. Makassar: BPS South Sulawesi Province.
[8] Syahza, A., & Suarman, S. (2013). Development strategies for underdeveloped regions in an effort to accelerate rural economic development. Journal of Development Economics: Study of Economic and Development Issues, 14(1), 126-139.

Table 2. Economic Structure of South Sulawesi Based on Sectoral Contribution (%)

Tahun	LPE Sulawesi Selatan (%)	LPE Nasional (%)	Selisih	Kondisi Ekonomi
2020	-0,42	-2,07	**+1,65**	Kontraksi akibat Pandemi
2021	4,01	3,69	**+0,32**	Fase Pemulihan Awal
2022	5,73	5,31	**+0,42**	Ekspansi Ekonomi Tinggi
2023	5,32	5,05	**+0,27**	Stabilisasi Pertumbuhan
2024	5,51	5,14	**+0,37**	Penguatan Ekonomi Berkelanjutan
Rata-rata	**4,03**	**3,42**	**+0,61**	-
Sumber: BPS diolah, 2025				

Sector Group Business Field Sector Average Contribution (%) Category
Primary Agriculture, Forestry, and Fisheries 24.08 Dominant Main
Tertiary Wholesale and Retail Trade 17.12 Second Dominant
Secondary Construction 11.29 Strategic
Secondary Processing Industry 10.45 Potential
Tertiary Transportation and Warehousing 6.78 Developing
Tertiary Government Administration 6.21 Other Supporting Sectors Services and Others 24.05 Supporting Sectors (Source: Results of Processing of BPS GRDP Data, 2025).[9]

From the structural analysis, it was found that:

1. Primary Sector Dominance: The persistently high contribution of the agricultural sector demonstrates South Sulawesi's continued reliance on its natural resource base. While this provides economic resilience, it also indicates that economic value-added has not been optimized, as many raw materials are shipped out of the region.
2. Tertiary Sector Growth: The trade and services sector has seen rapid growth in line with rising purchasing power and Makassar's role as a logistics gateway to the eastern region. This is a positive sign of a shift toward a service-based economy.[10]
3. Secondary Sector Weaknesses: The role of the manufacturing industry is still relatively small and has not yet become the backbone of the economy. This indicates that the industrialization process in South Sulawesi is slow and has not yet significantly changed the composition of the economy.

C. Leading Sectors and Economic Potential

Based on the analysis of contribution and growth, there are two main sectors that are the pillars of the South Sulawesi economy:

1. Agriculture, Forestry, and Fisheries Sector: Has an absolute comparative advantage. Fertile soil, a favorable climate, and vast marine areas make this sector not only the largest contributor to GRDP but also the largest absorber of labor.[11]
2. Wholesale and Retail Trade Sector: Enjoying the advantage of a strategic location, growth in this sector is driven by rising per capita income, the development of modern shopping centers, and increased inter-island freight traffic.[12]

[9] Central Statistics Agency. (2025). South Sulawesi in Figures 2025. Makassar: BPS South Sulawesi Province.
[10] Saputra, MBD, Makarim, NRN, Al Ghiffary, MR, & Ismail, MS (2025). Economic Transformation in the Urbanization Process: A Case Study of Makassar City. Integrative Perspectives of Social and Science Journal, 2(July 3), 4889-4898.
[11] Zulham, T., Ishak Hasan, M., Majid, HN, Wahyuningsih, YE, Ansari, LP, Sani, SR, ... & Fitri, H. (2023). Economics of Agricultural and Coastal Areas. Aceh: Syiah Kuala University Press.
[12] Palilu, A. (2022). The impact of transportation infrastructure development on gross regional domestic product. West Pasaman: Azka Pustaka.

D. Leading Sectors and Economic Potential

While economic growth looks encouraging, an in-depth study found several critical challenges:

1. Spatial Disparity: Economic growth is heavily concentrated in the Makassar agglomeration and its surrounding areas. Most outlying districts still have small economic contributions and are highly dependent on the primary sector. This widens the prosperity gap between regions.
2. Low Product Added Value: The economy is still based on natural resource extraction. Processing activities within the region are still very limited, so the greatest profits are enjoyed by other regions that process the raw materials.
3. Risks of Single-Sector Dependence: Over-reliance on the primary sector makes the economy vulnerable to climate change, natural disasters, and fluctuations in global commodity prices. If prices drop or crop failures occur, the regional economy will be significantly impacted.

Furthermore, e-commerce platform accountability also includes ensuring data subjects' rights, including the right to access, the right to rectification, the right to erasure, the right to restrict processing, the right to data portability, and the right to object. E-commerce platforms are required to provide accessible and responsive mechanisms to facilitate the exercise of these rights, including providing technical interfaces that enable data subjects to independently control their personal data. Failure to facilitate data subjects' rights may result in administrative sanctions and potentially form the basis for claims for damages.

CONCLUSION

South Sulawesi's economic performance is excellent and demonstrates high resilience. Economic growth consistently exceeds the national average, with an average annual growth rate of 5.12% during the recovery period. South Sulawesi's economic structure remains dominated by the primary sector, followed by the tertiary sector, while the role of the secondary sector and the manufacturing industry has not yet developed as expected. The economic transformation towards industrialization has been slow. Its main economic advantages lie in its rich natural resources and strategic trade position, but these are not yet supported by adequate industrial processing capacity. The quality of economic growth continues to face challenges from regional disparities and a undiversified economic structure.

To overcome challenges and maximize economic potential, the following strategic steps are recommended: Accelerating Economic Downstreaming: Building a local resource-based processing industry so that raw materials are processed locally into high-value-added products before being marketed. This will increase regional income and absorb more labor, Equitable Regional Development: Allocating infrastructure development (roads, electricity, ports) to underdeveloped regions to open up regional isolation and integrate regional economies into a single, strong market unit, Economic Diversification: Developing new economic sectors other than agriculture, such as tourism, creative industries, and the digital economy, so that the economic structure becomes more diverse and less easily shaken if one sector experiences a decline, Improving the Quality of Human Resources: Considering the future of a knowledge-based economy, investment in education and work skills is absolutely necessary so that the community is able to adapt and manage new technologies and industries entering South Sulawesi.

REFERENCES

Badan Pusat Statistik. (2025). Sulawesi Selatan Dalam Angka 2025. Makassar: BPS Provinsi Sulawesi Selatan.
Badan Pusat Statistik. (2025). Sulawesi Selatan Dalam Angka 2025. Makassar: BPS Provinsi Sulawesi Selatan.
Fahrudin, F. (2024). Faktor-Faktor Penentu Pertumbuhan Ekonomi: Analisis Konsep, Indikator, Dan Pendekatan Pengukuran. Interdisciplinary Explorations in Research Journal, 2(3), 1375-1384..
Hamali, S., Riswanto, A., Zafar, T. S., Handoko, Y., Sarjana, I. W. M., Saputra, D., ... & Sarjono, H. (2023). Metodologi penelitian manajemen: pedoman praktis untuk penelitian & penulisan karya ilmiah ilmu manajemen. Jambi: Sonpedia Publishing Indonesia.
Kuncoro, Mudrajad. (2021). Ekonomi Wilayah: Teori, Masalah, dan Kebijakan Pembangunan. Yogyakarta: UPP STIM YKPN..
Monica, M. (2020). Perencanaan dan Pengembangan Wilayah Berbasis Sektor Ekonomi Unggulan di Kabupaten Kerinci Provinsi Jambi. Geodika: Jurnal Kajian Ilmu dan Pendidikan Geografi, 4(2), 220-230.
Palilu, A. (2022). Pembangunan infrastruktur transportasi terhadap produk domestik regional bruto. Pasaman Barat: Azka Pustaka.

Saputra, M. B. D., Makarim, N. R. N., Al Ghiffary, M. R., & Ismail, M. S. (2025). Transformasi Ekonomi Dalam Proses Urbanisasi: Studi Kasus Kota Makassar. Integrative Perspectives of Social and Science Journal, 2(03 Juli), 4889-4898.

Sjafrizal. (2018). Ekonomi Pembangunan Daerah: Konsep dan Strategi Pembangunan Ekonomi di Daerah. Padang: Badan Penerbit Universitas Andalas.

Sukirno, Sadono. (2018). Ekonomi Makro: Teori Pengantar. Jakarta: PT Raja Grafindo Persada.

Syahza, A., & Suarman, S. (2013). Strategi pengembangan daerah tertinggal dalam upaya percepatan pembangunan ekonomi pedesaan. Jurnal Ekonomi Pembangunan: Kajian Masalah Ekonomi dan Pembangunan, 14(1), 126-139.

Zulham, T., Ishak Hasan, M., Majid, H. N., Wahyuningsih, Y. E., Ansari, L. P., Sani, S. R., ... & Fitri, H. (2023). Ekonomi Wilayah Pertanian dan Pesisir. Bnada Aceh: Syiah Kuala University Press.