

MACROECONOMIC POLICY AND THE DYNAMICS OF SUSTAINABLE DEVELOPMENT IN CENTRAL BUTON REGENCY: A QUALITATIVE APPROACH

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Abstract

This article examines the relationship between regional macroeconomic policy and sustainable development in Central Buton Regency, a new autonomous region established under Law No. 15 of 2014 (Secretariat of State of the Republic of Indonesia, 2014). As a relatively young archipelagic regency, Central Buton faces challenges related to limited fiscal capacity, dependence on central government transfer funds, and the need to expand basic infrastructure while ensuring environmental sustainability and equitable welfare. Using a descriptive-analytical qualitative approach based on document analysis, regulatory review, and regional development literature, this study explores: (1) the direction of regional macroeconomic policy, (2) sustainable development in the fisheries, agriculture, and tourism sectors, and (3) governance challenges in balancing economic growth with environmental and social sustainability. The findings indicate that regional macroeconomic policy remains focused on capital expenditure for institutional development, while the transition toward a blue-green economy is still in its early stages. The study recommends integrating regional planning documents (RPJMD and RKPD) with the SDG framework, strengthening regional statistical systems, and diversifying local own-source revenue to reduce dependence on transfer funds and support long-term sustainable development.

Keywords: *macroeconomic policy; sustainable development; new autonomous region; Central Buton; qualitative research.*

INTRODUCTION

Fiscal decentralization and regional division (pemekaran wilayah) are two closely intertwined phenomena in Indonesia's post-reform trajectory of regional autonomy. Central Buton Regency was established on 24 July 2014 through Law No. 15 of 2014 on the Formation of Central Buton Regency in Southeast Sulawesi Province, as a result of the division of the parent Buton Regency, primarily on the grounds of the region's large size, the excessive span of government control, and the need to accelerate public services and community welfare (Secretariat of State of the Republic of Indonesia, 2014). The regency comprises seven sub-districts—Lakudo, Mawasangka, East Mawasangka, Central Mawasangka, Talaga Raya, Gu, and Sangia Wambulu—with its capital at

Labungkari, covering an area of approximately 958.31 km² and an initial population of around 115,698 people in 2012 (Secretariat of State of the Republic of Indonesia, 2014).

As a new autonomous region (DOB), Central Buton faces problems typical of regions resulting from division, namely limited initial fiscal capacity, minimal government infrastructure, and high dependence on transfer funds from the central and provincial governments (Kusumawardhani & Praditya, 2021). At the same time, the sustainable development agenda demands that regional economic growth not be achieved at the expense of environmental carrying capacity or intergenerational equity (Sachs, 2015). The Central Buton Regency Government has formulated a development vision known as “BERKAH” (Clean, Prosperous, Productive, Religious, and Harmonious), which positions the fisheries-marine, tourism, and agriculture sectors as leading sectors driving other sectors, while also affirming a commitment to preserving environmental carrying capacity as a manifestation of sustainable development (Central Buton Regency Government, 2024).

More recent policy developments indicate that Central Buton's economic development direction is increasingly moving toward blue-green economy management, as affirmed by Regent Dr. H. Azhari, S.STP., M.Si., through partnerships with higher education institutions aimed at producing digital talent and applying academic knowledge to the management of local potential (Universitas Insan Cita Indonesia, 2025). Central Statistics Agency (BPS) data for 2024 further shows that Central Buton's open unemployment rate stood at 2.84 percent, although the poverty rate remains relatively high at 14.40 percent, leaving substantial work to be done in ensuring the equitable distribution of development outcomes (Ministry of Higher Education, Science, and Technology, 2025).

Building on this context, this article aims to qualitatively examine how macroeconomic policy—as reflected in regional fiscal policy, development planning, and budget allocation—interacts with the sustainable development agenda in Central Buton Regency. This study is important given that Central Buton represents a typology of archipelagic regions resulting from division that is fairly common in eastern Indonesia, so its findings and recommendations are potentially relevant more broadly to similar new autonomous regions.

LITERATURE REVIEW

Macroeconomic Policy and Regional Development

Macroeconomic policy conventionally encompasses fiscal, monetary, and external-sector policy aimed at maintaining price stability, economic growth, and employment absorption (Todaro & Smith, 2020). At the local government level in Indonesia, monetary policy space is unavailable, as that authority rests with the central government through Bank Indonesia; consequently, the primary instrument that regency/city governments can control is regional fiscal policy—namely, the planning of revenue, expenditure, and financing set out in the Regional Revenue and Expenditure Budget (APBD) as well as planning documents such as the Regional Medium-Term Development Plan (RPJMD) and the Regional Government Work Plan (RKPD) (Ministry of Home Affairs of the Republic of Indonesia, 2014). Todaro and Smith (2020) emphasize that the success of regional development policy is strongly determined by institutional quality and consistency of policy implementation, rather than merely the size of the available budget.

The Concept of Sustainable Development

Sustainable development is defined as a development process that meets the needs of the present generation without compromising the ability of future generations to meet their own needs, resting on three main pillars: economic, social, and environmental sustainability (Sachs, 2015). Amartya Sen (1999) broadens the horizon of development beyond mere income growth toward the expansion of substantive human freedoms (development as freedom), a perspective relevant for assessing whether a region's economic growth genuinely enhances the capabilities and well-being of its citizens. The Sustainable Development Goals (SDGs) framework adopted by Indonesia through Presidential Regulation No. 59 of 2017 serves as an operational reference for local governments in integrating economic, social, and environmental dimensions into development planning documents (Ministry of National Development Planning/Bappenas, 2021).

Regional Autonomy and New Autonomous Regions (DOB)

Law No. 23 of 2014 on Regional Government grants broad authority to regions to manage their own affairs, including development planning and regional financial management (Ministry of Home Affairs of the Republic of Indonesia, 2014). Nevertheless, a study by Kusumawardhani and Praditya (2021) shows that new autonomous regions generally experience a fiscal transition phase marked by a high proportion of personnel and capital expenditure for building government institutions, such that allocations for productive sectors and basic services tend to be delayed in the early years following the region's formation. This condition is relevant for understanding the dynamics of macroeconomic policy in Central Buton as a regency that is now just over a decade old.

Central Place Theory and Regional Equity

Regional studies on Central Buton have also employed central place theory to assess the feasibility of Labungkari as a new center of government and growth, arguing that the service function of a settlement center is determined by the availability of facilities, the size of the population served, and the level of transportation network development (Mega Aktiva: Journal of Economics and Management, in a study on the division of Central Buton). This approach underscores that regional division should be accompanied by an equitable distribution of service facilities so as not to create new development disparities between the regency capital and the more geographically distant sub-districts.

RESEARCH METHOD

This article was prepared using a descriptive-analytical qualitative approach, commonly used in public policy and regional development studies to understand the meaning, context, and processes underlying policy phenomena (Creswell & Poth, 2018). The data used are secondary data drawn from: (1) legal and regulatory documents, particularly Law No. 15 of 2014 and Law No. 23 of 2014; (2) planning documents and official releases from the Central Buton Regency Government, including the official websites butontengahkab.go.id and portal.butontengahkab.go.id; (3) publications from government institutions such as the Central Statistics Agency (BPS) and the Ministry of Higher Education, Science, and Technology; and (4) academic literature related to regional development and development economics.

Data analysis followed the interactive analysis model of Miles, Huberman, and Saldaña (2014), which comprises the stages of data condensation, data display, and conclusion

drawing/verification. Source triangulation was carried out by comparing information from regulatory documents, official local government publications, and academic literature to maintain the trustworthiness of the findings, in line with qualitative data validity criteria encompassing credibility, transferability, dependability, and confirmability (Creswell & Poth, 2018).

RESULTS AND DISCUSSION

Profile and Characteristics of the Central Buton Region

Central Buton Regency is an archipelagic regency administratively composed of seven sub-districts with its capital at Labungkari (Secretariat of State of the Republic of Indonesia, 2014). Its geographic character, dominated by an extensive coastline and marine resources, positions the fisheries-marine sector as one of its leading sectors, alongside agriculture, plantations, and marine tourism, as reflected in the “BERKAH” vision and the theme of the Regional Government Work Plan Development Planning Deliberation (Musrenbang), namely “Tourism Development Based on Fisheries, Agriculture, Plantation, and MSME Resources” (Central Buton Regency Government, 2023).

The Direction of Regional Macroeconomic Policy

Central Buton's macroeconomic policy in the years immediately following its division was empirically dominated by the need to build new governmental institutions. This is evident, among other things, in the budget allocation of more than 50 billion rupiah for the construction of the Regent's office and the Regional House of Representatives (DPRD) building, as set out in the Draft Regional Regulation on the 2023 Fiscal Year APBD, forming part of the priorities contained in the General Budget Policy (KUA) and the Provisional Budget Priority and Ceiling (PPAS) (Central Buton Regency Government, 2022). This pattern is consistent with the findings of Kusumawardhani and Praditya (2021) that new autonomous regions tend to allocate a large share of capital expenditure to government infrastructure development in the early phase, before transitioning to expenditure more oriented toward productive sectors and basic services.

At the same time, the direction of policy has begun to shift toward developing an economy based on local potential. The Pentahelix Collaboration concept—which combines the roles of academia, business, community, government, and media—has been introduced as a governance approach to regional development aimed at optimizing natural resources and promoting community welfare (Central Buton Regency Government, 2022). This pentahelix approach is conceptually consistent with Sen's (1999) emphasis that sustainable development requires broad participation from stakeholders, rather than being solely a top-down government initiative.

More recent developments show a strengthening policy orientation toward blue-green economy management through partnerships with higher education institutions to produce digital talent and apply academic knowledge to the management of local potential (Universitas Insan Cita Indonesia, 2025), further reinforced by a visit from the Deputy Minister of Higher Education, Science, and Technology in late 2025 to encourage synergy among universities, local government, and local industry in accelerating economic growth in this archipelagic region (Ministry of Higher Education, Science, and Technology, 2025).

Dynamics of Sustainable Development Implementation

From a socio-economic indicator perspective, 2024 Central Statistics Agency (BPS) data recorded Central Buton's open unemployment rate at 2.84 percent, a relatively favorable figure compared to the national average, yet the poverty rate remains at 14.40 percent (Ministry of Higher Education, Science, and Technology, 2025). The gap between low open unemployment and high poverty indicates a phenomenon often referred to in development economics literature as the “working poor” or structural poverty—that is, a population that is statistically employed but has not yet earned income sufficient to rise above the poverty line (Todaro & Smith, 2020). This phenomenon is relevant to Central Buton's context, where the economy still relies heavily on small-scale fisheries and agriculture with productivity and added value that remain suboptimal.

On the environmental dimension, the commitment to sustainable development is reflected in the regional vision, which explicitly mentions preserving environmental carrying capacity and natural resources (Central Buton Regency Government, 2024). However, publicly available planning documents have not yet featured many measurable environmental indicators (such as mangrove cover area, coastal water quality, or coral reef degradation levels), so it can be qualitatively concluded that the mainstreaming of the environmental dimension into regional macro policy remains at a normative-declarative stage and has not yet been fully operationalized within the SDG indicator framework (Ministry of National Development Planning/Bappenas, 2021).

Synergies and Tensions between Macro Policy and Sustainability

Qualitative analysis of official documents and news releases reveals a natural tension between the short-term need to build the institutions of a new autonomous regional government and the long-term agenda of sustainable development. On one hand, capital expenditure for government infrastructure is a technical prerequisite for public service functions to operate; on the other, such allocation potentially reduces the fiscal space available for investment in productive sectors and environmental mitigation in the short term (Kusumawardhani & Praditya, 2021). Central place theory further suggests that the concentration of development in Labungkari as the capital needs to be balanced by an equitable distribution of service facilities to other sub-districts, so as not to create new spatial disparities following the region's division (study on the division of Central Buton, *Mega Aktiva Journal*)

Nevertheless, the initiation of the pentahelix partnership and the orientation toward a blue-green economy signal a positive sign that local government is beginning to direct macro policy not merely toward growth in economic output, but also toward strengthening human resource capacity and the sustainability of natural resources as a foundation for long-term growth (Universitas Insan Cita Indonesia, 2025; Sachs, 2015). The success of this transformation going forward will depend heavily on consistent implementation across successive terms of regional leadership and the regency government's capacity to integrate sustainability indicators into RPJMD and RKPD documents in a more measurable way.

CONCLUSION

This qualitative study concludes that macroeconomic policy in Central Buton Regency, as a new autonomous region, remains in a phase of institutional consolidation marked by the dominance of capital expenditure for government infrastructure, while the sustainable development agenda—particularly its environmental dimension—remains largely normative and has not yet been fully

operationally integrated into planning documents. At the same time, there are positive signals of policy transformation through the initiation of pentahelix partnerships, cooperation with higher education institutions, and an orientation toward a blue-green economy based on fisheries, agriculture, and tourism potential.

Based on these findings, this article offers several recommendations. First, the Central Buton Regency Government needs to strengthen the integration of Sustainable Development Goals (SDG) indicators into RPJMD and RKPD documents in a more measurable and monitorable manner. Second, diversification of local own-source revenue is needed so that sustainable development does not depend solely on central and provincial transfer funds. Third, strengthening the regional statistical database—particularly coastal and marine environmental indicators—should become a priority given Central Buton's character as an archipelagic regency. Fourth, the equitable distribution of public service facilities across all sub-districts needs to be continuously pursued so that the concentration of development in Labungkari does not create new spatial disparities. Further research based on primary data (in-depth interviews with local stakeholders) is recommended to deepen the findings of this document-based study.

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