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Role of The Private Sector in Managing the Country's Economy and Territory

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ABSTRACT

Limited APBN and APBD funds owned by the government, as well as the country's territory which still requires several roles of the private sector and the state to balance the various problems that occur in a particular area. that the role of the government and the private sector are seen as very important in supporting the economy. In addition, the center of center of economic development is the development of infrastructure that with guaranteed economic development and maintenance of the country's territory in accordance with what is needed, the role of the private sector and the state is very necessary to lead to a developed country.

Keywords: Country Economy; Territory

INTRODUCTION

Basically, the government and the private sector play an important role in realizing a country's economic conditions. With the existence of a mutually sustainable relationship between the government and the private sector, it will have a very significant impact on improving the economic level and economic activity of a country. Government is a system for exercising authority and power in regulating social, economic and political life, a country or its parts. Another definition of government is a group of people who together assume limited responsibility for exercising power. Government can also be defined as the ruler of a country or the highest body that governs a country. The elasticity of the labor variable is greater than that of capital, indicating that the economy in Indonesia is more labor-intensive than capital-intensive (Prasetyo & Firdaus, 2022). Community welfare is a condition in which the basic needs of life are fulfilled, such as decent housing, sufficient clothing and food needs, cheap and quality education and health costs. (Pambudy & Syairozi, 2019). In the era of globalization, where capital, labour, and expertise can flow to any country, the role of the private sector has an increasingly large role in driving the economy. With direct investment, economic growth can be triggered by companies investing in various fields and sectors of the economy. The role of the private sector increasingly has a large portion in driving economic growth, in the plantation, mining, tourism, trade, transportation, or even education and health sectors. Without significant efforts from business entities, biodiversity loss can threaten human well-being and harm long-term business operations such as unhealthy workers and others (Jannah et al., 2022).

METHOD

The method that researchers use is descriptive qualitative method, which describes existing data with a description of a community group, an object, a condition, a thought or event from the present. The purpose of this research is to make a description, description or painting systematically factual, and accurate regarding the facts or phenomena being investigated. Meanwhile, to analyze data in this study using qualitative analysis techniques. Research using this method emphasizes more on deductive data analysis, as well as analysis of the dynamics of the relationship between observed phenomena.

RESULT

The involvement of the private sector, which is able to provide finance and expertise, at least helps the government function as the motor of implementing development. In addition, PPP also creates a clean government system because in this case the government can also exercise control over the private sector involved. But keep in mind, the relationship between the government and the private sector must be mutually beneficial and must be bound in a contract for a certain period of time.

This is where the role and function of the government to control the implementation of development is needed. As we realize, it is clear that the involvement of the private sector is to gain profits as a consequence of development. However, the benefits obtained by the private sector should not be detrimental to development. Hence the need for government supervision and time restrictions.⁶ The process of cooperation between the government and the private sector can be carried out in several ways, namely through service contracts, management contracts, lease contracts, concessions, BOT (Build Operation

Transfer), Joint Venture Agreements, and Community Based Provision. However, in the process of cooperation carried out, there are several advantages and disadvantages.

In the economic system, investment is able to make efficient development, but there are views between the classics and neo-classics (Hafriandi & Gunawan, 2018). However, there are views between the classics and neo-classics (Hafriandi & Gunawan, 2018). Basically, the government sector can be categorized into the public sector. The public sector is an organization of state economic entities to carry out their duties as controllers of society towards prosperity.

DISCUSSION

The Importance of Private Parties in Regional Development

In the implementation of infrastructure using the concession method, there are several advantages that can be obtained, namely Sufficient sustainable funding needs which are the main problem of the government in developing infrastructure, Increase the quantity, quality, and efficiency of services through healthy competition, Improve the quality of infrastructure management and maintenance, Encourage the principle of "use-pay", and in certain cases consider the ability to pay from the user (Fally Diarsa, 2019).

By looking at the benefits obtained, the government needs to create conducive conditions for the private sector as investors, so that they are willing to cooperate with the government in developing infrastructure. The first step in designing a concession is to determine the structure, rights and obligations of the parties. One thing that is quite important in this process is to ensure that there is competition in it, which means creating a market structure that favors competition. An important component of regional An important component in regional development is sectoral and spatial integration as well as integration between development actors within and between regions (Huda et al., 2018).

The importance of the private sector in the economy

An economic system is a system used by a country to allocate its resources to individuals and organizations in the country (Ayu & Lahmi, 2020). resources to both individuals and organizations in the country (Ayu & Lahmi, 2020). In a country's economy, there is basically the government and the private sector. However, as explained above, these two parties certainly have different goals, although if both are running well, they will have a positive impact on a country's economy. If we look at the government side, the government basically has the function of directing, supervising, overseeing and being a figure in the country's economy to increase the wishes and welfare of the wider community. In its development, as a government that moreover holds power in a nation, the government must maintain a positive climate in the economy of a nation. In this way, the government holds full control in the economy cannot be fully given to the private sector.

The economic development of the region is determined through Klassen typology analysis, based on the value of per capita income and the economic growth rate of each province (Kusuma & Muta'ali, 2019). Meanwhile, on the private side, their focus is on seeking profits from various forms of goods or services. However, the benefits obtained are certainly for the groups or individuals involved. Nevertheless, the private sector in the country's economy is still important because in the process, the private sector helps the community such as absorbing labor, providing an increase in purchasing power and community

creativity, to increase state revenue. However, the economy still cannot be completely left to the private sector and there needs to be a government as the main control. The high influence of labor in eastern Indonesia on economic growth can be due to the emphasis on labor (labor intensive) in increasing economic output (Wardhana et al., 2020).

Fostering an entrepreneurial spirit is a must so that economic activities can run more evenly and increase (Wahyuningsih, 2009). economic activities can run more evenly and increase (Wahyuningsih, 2009). The southern region needs other sector options to improve its economic development besides the agricultural sector (Adinugroho, 2017). Government agencies such as the central government, local governments, and other government work units, are forms of government organizations. While the forms of non-governmental non-profit organizations are volunteer organizations, private hospitals, private colleges and universities, foundations, NGOs, BUMN / BUMD, religious organizations, political organizations, and so on. Digital transmission technology also provides new business opportunities for broadcasters, thanks to the addition of interactive capabilities at the receiver (Ismail et al., 2019).

CONCLUSION

Based on the explanation above, it can be seen that the role of the government and the private sector is very important in supporting the economy. In addition, the center of economic development is the development of supporting and adequate infrastructure. With the limited funds and APBN or APBD owned by the government, the role of the private sector in the involvement of infrastructure development is needed. The private sector can contribute to the development and financing of infrastructure that has been planned by the government. However, this does not mean that the private sector takes a full role in infrastructure financing, but the role of the government as a regulator is needed in controlling and overseeing infrastructure so that it can be used by the community as well as possible (Dwi Candra Putra, 2022).

The digital economy is said to be one of the elements that play an important role because the digital economy has been able to become one of the drivers of economic growth and GRDP per capita, minimizing gaps between regions, reducing unemployment and poverty, increasing financial inclusion, and financial access (Sugiarto, 2016). Business competition between conventional service providers and app-based service providers can spread to other sectors. This must be resolved quickly and regulated fairly, because the economic sector cannot run and develop without regulation and aspects of life combined with digitalization.

Some of the weaknesses that are still the homework of private business entities to carry out public-private partnerships in infrastructure development include regulations that allude to and discuss infrastructure development and the legality for the government to carry out cooperation with the private sector is still considered overlapping, Legislation of the land acquisition bill is still hampered and there are no points stating the government's guarantee to reimburse investment costs to the private sector in the event of development delays, There are many sectors that are not of concern to the public in handing over projects to the private sector to work on, for example, the solution to economic and social issues to the community around project development. One of the objectives of making investments, both domestic investment and foreign investment, is to increase economic growth (Kambono & Marpaung, 2020).

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