

Leading Sector Study of West Muna Regency, Southeast Sulawesi Province

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Abstract:

This study aims to determine and analyze leading sectors, analyze growth patterns of the economic sector, and analyze sectors that have potential in the future in West Muna Regency. This study uses secondary data, namely Gross Regional Domestic Product data for West Muna Regency and Southeast Sulawesi Province in 2016-2020. To determine the leading sector, the Location Quotient (LQ) analysis tool is used. To analyze the pattern of economic growth in West Muna Regency, the Klassen Typology analysis tool is used, and to determine potential sectors in the future, Dynamic Location Quotient (DLQ) analysis is used, the leading sector in West Muna Regency consists of seven sectors which are the base or leading sectors. The growth pattern of the economic sector in West Muna Regency is divided into four quadrants in the economic sector, namely the first developed sector and growing rapidly there are five economic sectors. Second, the developed but depressed sector also has two economic sectors. Third, there are six economic sectors that are potential sectors or can still develop. and the fourth, namely the relatively lagging sector, namely there are four sectors. Potential sectors in the future there are eleven economic sectors.

Keywords: Leading Sector, Growth Pattern, Potential Sector.

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I. Introduction

Each region has different potential, this is what makes the regional government in a certain place identify exactly which sectors have a large impact on growth and can be developed in a sustainable manner. in an effort to improve the economy, the potential needs to be managed effectively and efficiently so that it will make a major contribution to economic development in the local area. The era of autonomy has provided an opportunity for regional governments, both provincial and district/city to build and develop the potential that exists in the local area. This is in line with the opinion expressed by (Arsyad A. , 2005) which says that "The main problem in regional development lies in the emphasis on development policies based on the characteristics of the region concerned (*endogenous development*) by using the potential of human resources, institutions and physical resources locally (regional)".

Differences in the content of natural resources will clearly affect production activities in the area concerned. Regions that contain a lot of natural resources will certainly be able to produce certain goods and services at a relatively low cost compared to other regions that contain little natural resources. This condition encourages faster regional economic growth. Meanwhile, other regions that contain little natural resources can only produce goods and services with higher production costs so that their competitiveness becomes weak. This condition further causes the region concerned to tend to have slow economic growth. Thus, it appears that differences in the content of these natural resources can lead to higher inter-regional economic disparities within a country. (Sjafrizal, Ekonomi Wilayah Dan Perkotaan, 2014)

It is certain that a potential economic sector has greater potential to grow faster than other sectors in an area, especially the supporting factors for this potential sector, namely capital accumulation, growth in absorbed workforce and technological progress (*technological progress*). The creation of investment opportunities can also be done by empowering the potential of the leading sectors owned by the regions concerned (Rachbini, 2001)

West Muna Regency is one of the regencies in Southeast Sulawesi Province, the result of division from Muna Regency in mid-2014. The capital city of West Muna is located in Laworo, Sawerigadi sub-district. Where the income of the local people of West Muna Regency is greatly supported by the agricultural sector which is spread evenly in almost all areas of this area. besides that, in the Tiworo Archipelago sub-district, it also contributes to regional income from the fishery sector which is also quite large.

Aim study this that is for determine and analyze sector featured, analyze pattern growth sector economics, and analyze sector to be future potential in the West Muna Regency.

II. Literature Review

Gross Regional Domestic Product (GRDP)

Theoretically, what is called a change in economic structure is not always marked by the large role of a sector in the economy, but in real terms there has been a shift in economic activity in a particular sector which is marked by the growing development of economic activity that supports the sector concerned. GRDP at Current Prices (ADHB) describes the added value of goods and services calculated using prices every year. Meanwhile, GRDP at constant prices (ADHK) shows the added value of goods and services calculated using prices in a certain year as a basis. GRDP at current prices is used to see shifts and economic structure. Meanwhile, GRDP at constant prices is used to determine economic growth from year to year. (Tarigan, Perencanaan Pembangunan Wilayah, 2004)

The higher the GRDP value of an area, this shows the high level of economic growth and illustrates that the area is experiencing progress in the economy. In essence, the economic growth of a region can occur when endogenous (factors from within the region) and exogenous (factors from outside the region) are concerned and combined. (Afrizal, 2013)

Economic growth

In macroeconomic theory, measurement of economic output and its growth rate is needed as a measure of economic development performance. At the national level, this economic output can be measured from the Gross National Product (GNP), which is defined as the total nominal value of all goods and services produced by a country during a certain year (Samuelson and Nordhaus in Kurniyati, 2006). Another measure is the Gross Domestic Product (GDP), which is the value of the final output produced by the economy (either by residents of the country concerned or foreign nationals) in the territory of a country. GNP is GDP plus income belonging to foreign nationals living in the territory of the country. Thus, the use of GNP will better show the performance of a country's economy than the use of GDP. However, in the context of measuring economic performance in a narrower area, for example at the provincial or district level (in a country), Gross Regional Domestic Product (GRDP) is the main economic variable used to measure regional economic performance, namely by looking at the growth rate GRDP (Todaro in Kurniyati, 2006). This study will measure the growth pattern of the economic sector in the analysis using classen typology analysis.

According to Neoclassical economic theory, the growth rate comes from three sources, namely: capital accumulation, increased labor supply, and technological improvements. Technology can be seen from the increase in skills or technical progress so that per capita productivity increases. (Tarigan, 2005)

Economic Development

In the introductory book on regional economic development planning (Arsyad L., 2016) examines that regional economic development is a process in which local governments and their communities manage existing resources and form a pattern of partnership between local governments and the private sector to create new jobs and stimulate the development of economic activity (economic growth) in the region.

The main problem in regional development lies in the emphasis on development policies based on the characteristics of the region concerned (*endogenous development*) by using the potential of human, institutional and physical resources locally (regionally). This orientation directs us to take initiatives originating from the region in the development process to create new job opportunities and stimulate increased economic activity.

Every regional economic development effort has the main goal of increasing the number and types of employment opportunities for local communities. In an effort to achieve these goals, local governments and their communities must jointly take regional development initiatives. Therefore, local government and community participation must jointly take regional development initiatives. Therefore, the local government along with community participation and by using existing resources must be able to estimate the potential of the resources needed to design and build the regional economy.

Regional Development Theory

Regional economic development is one of the processes in which local governments and their communities manage existing resources and form a pattern of partnership between local governments and the private sector to create new jobs to stimulate the development of economic activities in the region. (Siwu, 2017) The main key to achieving good and sustainable regional development performance in the era of economy and economic globalization is competitiveness. The level of competitiveness is one of the parameters in sustainable district/city regional development (Wahyudi, 2017), economic development also aims to achieve fairly high economic growth, maintain a balance in the country's economy and distribute income evenly. The existence of economic development may encourage economic growth, and vice versa, economic growth will facilitate the process of economic development. With high economic growth, the welfare of society will be

clearly seen, because the high economic growth of a country is expected to be able to absorb the existing workforce. (Haryanto, 2013)

Economic Basis Theory

Pure basis theory was first developed by Tiebout. This theory divides production activities/types of work in an area into basic and non-base sectors. Basic activities are activities that are exogenous means not bound to the internal conditions of the region's economy and while at the same time serving to encourage the growth of other types of work. While non-base activities are activities to meet the needs of the community in the area itself. Therefore, its growth depends on the general economic condition of the region. That is, this sector is endogenous (not free to grow). Growth depends on the economic conditions of the region as a whole. (Tarigan, 2007)

The base sector is a sector that is the backbone of the regional economy because it has a fairly high competitive advantage. Meanwhile, non-base sectors are other sectors that are less potential but function as supporting base sectors or service industries. (Sjahrial, 2008)

III. Methods

Method deep data collection study this use method non-participant observation. Method this done with observing the data that has been published by the Central Statistics Agency (BPS) for Southeast Sulawesi Province and the Central Statistics Agency (BPS) for the Regency West Muna in 2016-2020 and some related literature with this study. Data analysis technique used for answer a number of problem study technique data analysis used namely:

Location Quotient (LQ) Analysis

LQ method is one common approach used in the base economic model as step beginning for study condition economy, leads to identification specialization / activity base economy. So that frequent LQ values used for determination base sector can said as sector to be push growth or development sector other as well as impact on creation field profession so that will Upgrade absorption power work on one area.

$$LQ \quad \text{Formulation : } LQ = \frac{y_i / y_t}{Y_i / Y_t}$$

Information

y_i : Total GRDP of agricultural sector i in West Muna Regency.

y_t : The total GRDP of the sector in West Muna Regency.

Y_i : Total GRDP of the agricultural sector in the province of Southeast Sulawesi.

Y_t : The total number of GRDP sectors in Southeast Sulawesi Province.

Based on the formula shown in the equation above, then there is three possibility LQ value that can be obtained that is the value of $LQ=1$ means that sector specialization /base i in the Regency West Muna is same with same sector _ in Southeast Sulawesi's economy. $LQ \text{ value} > 1$ means that sector specialization /base i in the Regency Muna West bigger compared to with same sector _ in Southeast Sulawesi's economy. $LQ \text{ value} < 1$ means that sector specialization /base i in the Regency Muna West smaller compared to with same sector _ in Southeast Sulawesi's economy.

Klassen Typology Analysis

Approach typology class used for knowing description about pattern and structure each region 's economy. With use tool typology class is with regional/ regional approach as used _ in study Syafrizal for knowing classification area based on two indicators main, that is growth economy and income or product gross regional domestic product (GRDP) per capita area. With determine the average growth economy as axis vertical and average GRDP per capita as horizontal axis. Quadrant I sector move on and grow rapid (developed sector) $s_i > s$ and $s_{ki} > s_k$. Quadrant II sector proceed but depressed (stagnant sector) $s_i < s$ and $s < s_k$. Quadrant III sector potential or still could develop (developing sector) $s_i > s$ and $s_{ki} < s_k$. Quadrant IV relatively underdeveloped sector $s_i < s$ and $s_{ki} < s_k$.

Analysis of Dynamic Location Quotient (DLQ)

Dynamic Location Quotient Analysis (DLQ) is used to determine the future repositioning of sectors and sub-sectors in certain areas. This analysis is important to use know whether in the future sector and sub Certain sectors can survive as basic sectors and sub-sectors or not and vice versa whether sectors and sub-sectors that were not previously basic can experience repositioning/potentially become basic sectors and sub-sectors in the future.

$$\text{formulation : } DLQ = \left[\frac{(1+g_i)/(1+G_i)^t}{(1+g_j)/(1+G_j)^t} \right]$$

Information:

gi= Average growth rate of sector i West Muna Regency

Gi= Average growth rate of sector in Southeast Sulawesi Province

gj= Average growth rate of the total sectors of West Muna Regency

Gj= Average growth rate of the total sectors of Southeast Sulawesi Province

t= Projection year range (five years)

Criteria Interpretation of LQ and DLQ Values

DLQ > 1		DLQ < 1	
LQ > 1	Type I Base Sector, Prospective	Type III Base Sector, No Prospective	
LQ < 1	Sector Non-Base, Prospective	Type IV Sector Non-Base, No Prospective	

IV. Result

Base and Non-Base Sectors

Location Question Theory as stated (Bendavid-lal, 1991) used to analyze the diversity of the economic base. Based on the analysis, the sectors can be identified what only can _ developed for _ aim supplying need local,so said sector _ potential could made sector priority main in planning development economy. According to Sjafrizal (2008) The base sector is sector _ Becomes bone back economy area because have superiority sufficient competitive advantage high. Whereas non-base sector is sectors less others _ potential but function as support base sector or service industries.

Based on results calculation in table 1 below could know, that which belongs to as base sector (LQ > 1) in the West Muna Regency namely agriculture, forestry and fishery sector, construction sector, real estate sector, government administration sector, land and social security, sector education services, health services sector and activities and other service sectors. This means that the seven sectors are the leading sectors of the economy in West MunaRegency, however sector agriculture have higher LQ values big than any other, so sector agriculture more have more potential _ big for developed so that could Become contributor in support economy in the West Muna Regency.

Table 1

Calculation Results Location Quotient (LQ) West Muna Regency 2016-2020 year

Economic Sector / Business Sector	LQ Value 2016-2020 (%)						Information
	2016	2017	2018	2019	2020	Average	
Agriculture, Forestry and fisheries	1.59	1.61	1.61	1.61	1.63	1.61	Base
Mining and Quarrying	0.55	0.50	0.50	0.50	0.50	0.51	Not Base
Industry processing	0.59	0.59	0.56	0.52	0.47	0.55	Not Base

Procurement electricity and gas	0.66	0.69	0.71	0.72	0.71	0.70	Not Base
supply, processing trash, waste and recycling repeat	0.11	0.11	0.11	0.11	0.10	0.11	Not Base
Construction	1.41	1.48	1.52	1.55	1.54	1.50	Base
Trading Big and Retail; Repair and maintenance cars and motorbikes _	0.79	0.80	0.80	0.80	0.81	0.80	Not Base
Transportation and Warehousing	0.34	0.38	0.37	0.36	0.37	0.37	Not Base
Provision accommodation and meals drink	0.28	0.28	0.28	0.29	0.30	0.29	Not Base
Information and Communication	0.58	0.58	0.57	0.57	0.56	0.57	Not Base
Financial Services and Insurance	0.30	0.30	0.31	0.31	0.30	0.31	Not Base
Real Estate	1.17	1.15	1.16	1.19	1.17	1.17	Base
Company Services	0.09	0.09	0.09	0.09	0.09	0.09	Not Base
Administration government, land and security social	1.03	1.05	1.05	1.06	1.04	1.05	Base
Educational services	1.10	1.10	1.07	1.06	1.03	1.07	Base
Health services and social activities	1.22	1.25	1.24	1.23	1.18	1.22	Base
Other Services	1.18	1.18	1.16	1.17	1.18	1.18	Base

Source : Processed Data

Growth Patterns Sector Economy of West Muna Regency

According to (Sjafrizal, 1997) Klassen Typology is used to describe the pattern and structure of economic growth in each region. The observed areas will be divided into four classifications, namely fast-developing and fast-growing areas (high growth and high share), developed but depressed areas (high growth but low share), fast developing areas (high share but low growth), and relatively underdeveloped areas. (Low growth and low shares). Based on table 2, the classification of economic sectors in West Muna Regency during the 2016-2020 observation period shows that there are five sectors that fall into the classification of developed and fast-growing sectors, namely the Agriculture, Forestry and Fisheries sectors, the Construction, Real Estate sector, Administration of government sector, land and social security as well Other Services sector.

Table 2

Results of the Recapitulation of Tipologi Klassen Sectors and Sub-Sectors of the Economy in West Muna Regency Year 2016 -2020

<p>Quadrant I Sector relatively move on and grow with rapidly (developed sector)</p> <ul style="list-style-type: none"> • Agriculture, Forestry and fisheries • Construction • Real Estate • Administration of government, land and social security • Other Services 	<p>Quadrant II Sector proceed but depressed (stagnant sector)</p> <ul style="list-style-type: none"> • Educational services • Health services and social activities
<p>Quadrant III Sector potential or still could developing (developing sector)</p> <ul style="list-style-type: none"> • Supply of electricity and gas • Transportation and Warehousing • Provision of accommodation and meals • Wholesale and Retail, Car and motorcycle repair and maintenance • Financial Services and Insurance • Company Services 	<p>Quadrant IV Sector relatively lagging behind (underdeveloped sector)</p> <ul style="list-style-type: none"> • Mining and excavation • Processing industry • Water supply, waste treatment, waste and recycling • Information and Communication

Source: Processed Data

Based on the results of the classen typology analysis, there are five sectors included in the Quadrant one that is agriculture sector, construction sector, real estate sector, government administration sector, land and compulsory social security as well as other service sectors. Entered sector _ in quadrant one is sector included _ in sector move on and grow with fast. Sector quadrant one has contribution big to the GRDP of the Regency West Muna and have rate more growth _ fast compared other sectors in the Regency West Muna. So based analysis Klassen typology of sectors here 's what to get developed and become priority in development economy in the West Muna Regency.

Potential Sectors in the Future

Dynamic Location Quotient (DLQ) analysis is used to determine the future repositioning of sectors and sub-sectors in certain areas. This analysis is important to use to find out whether in the future certain sectors and sub-sectors can survive as base sectors and sub-sectors or not and vice versa whether sectors and sub-sectors that were not previously base can experience repositioning/potentially become base sectors and sub-sectors in the future. future.

Based on Table 3, it shows that the eleven sectors forming the West Muna GRDP are the base sectors that can be expected in the future because they have an average DLQ value > 1, if sorted from the largest to the smallest average DLQ value is sector transportation and warehousing which has the largest average DLQ value (1, 13 4) and the service sector the other is the base sector with the smallest average DLQ value (1.015). Meanwhile six sector is a sector that cannot be expected in the future because the average DLQ value is less than 1 (DLQ < 1) so this sector is classified as a non-base sector. According to (Adisasmita, 2005) Base activity has a role as the primary mover in the growth of a region. The greater the exports of a region to other regions, the more advanced the growth of that region will be, and vice versa. Any changes that occur in the base sector will create a multiplier effect in the regional economy.

Table 3

Calculation results of the Dynamic Location Quotient (DLQ) of West Muna Regency 2016-2020 year

Economic Sector / Business Sector	LQ	DLQ	Information	Final Remarks	
Agriculture, Forestry and fisheries	1610	1,039	Base	Prospective	Prospective base
Mining and Quarrying	0.512	0.904	not base	No Prospective	not base No Prospective
Industry processing	0.549	0.760	not base	No Prospective	not base No Prospective
Procurement electricity and gas	0.698	1.102	not base	Prospective	not Prospective basis
supply, processing trash, waste and recycling repeat	0.109	0.918	not base	No Prospective	not base No Prospective
Construction	1,498	1.132	Base	Prospective	Prospective base
Trading Big and Retail; Repair and maintenance cars and motorbikes _	0.798	1,029	not base	Prospective	not Prospective basis
Transportation and Warehousing	0.366	1,134	not base	Prospective	not Prospective basis
Provision accommodation and meals drink	0.287	1,095	not base	Prospective	not Prospective basis
Information and Communication	0.574	0967	not base	No Prospective	not base No Prospective
Financial Services and Insurance	0.306	1,023	not base	Prospective	not Prospective basis
Real Estate	1.168	1.018	Base	Prospective	Prospective base
Company Services	0.089	1,024	not base	Prospective	not Prospective basis
Administration government, land and security social Must	1047	1.017	Base	Prospective	Prospective base
Educational services	1,069	0931	Base	No Prospective	base No Prospective

Health services and social activities	1,224	0,963	Base	No Prospective	base No Prospective
Other Services	1.176	1015	Base	Prospective	Prospective base

Source: Processed Data

Based on Table 3 above _ shows that there are six sectors that are experiencing repositioning from non-basic to basic sectors in the future, namely procurement electricity and gas, sector Wholesale and Retail Trade; Car and motorcycle repair and maintenance, sector Transportation and Warehousing, sector Provision of accommodation and food and drink, sector Financial and Insurance services and sectors Company Services. In addition, there are five basic sectors in West Muna Regency at present and in the future, namely the Agriculture, Forestry and Fisheries sectors, the Construction, sector Real Estate, sector Administration of government, land and mandatory social security and sectors service other. Meanwhile four the sector that will remain a non-base sector in the future is the Mining and Quarrying sector Processing industry, sector Water supply, waste treatment, waste and recycling and sectors Information and Communication.

V. Conclusion

There is seven sector is base sector or sector superior $LQ > 1$ namely 1) agriculture, forestry and fisheries 2) sector construction 3) real estate sector 4) sector administration government, land and security social mandatory 5) sector service education 6) sector service health and activities social and 7) sector service other. Temporary eleven sector others arenon-basesector. Growth pattern sector economy with use *Klassen matrix* then could classified each sector in economy West Muna Regency, that is to become sector move on and grow rapidly is 1) agriculture sector, forestry and fishery 2) sector construction 3) real estate sector 4) sector Administration government, land and security social and 5) other Service Sector. Whereas for category sector potential or still could develop namely: 1) sector procurement electricity and gas 2) sector trading wholesale and retail; repair and maintenance cars and motorbikes 3) sector transportation and warehousing 4) sector provision accommodation eats and drink 5) sector service finance and insurance and sector 6) sector service company. Temporary for sector proceed but stressed namely: 1) sector service education 2) service health and activities social sector. Meanwhile for relatively lagging sector namely: 1) sector mining and quarrying 2) Sector industry processing 3) sector water supply, treatment rubbish, waste and recycling reset 4) Information and Communication sector. There is eleven owned sector _ DLQ value >1 or sector potential in the future come namely : 1) sector agriculture forestry and fishery 2) sector procurement electricity and gas 3) sector construction 4) sector trading wholesale and retail ; repair ; and care cars and motorbikes 5) sector transportation and warehousing , 6 sectors) provision accommodation and meals drink , 7) sector service finance and insurance 8) real estate sector 9) sector service company 10) sector administration government , land and security social mandatory and 11) sector service other ..

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