

Analysis of Leading Sectors Against Economic Growth in Merauke Regency 2016-2020

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Abstract

The purpose of this study was to determine the level of economic growth and the factors that influence the leading sector in Merauke Regency in 2016-2020. This study used a quantitative method using Location Quotients (LQ) analysis tools and conducted research in Merauke Regency, to determine and find the leading sectors in 2016-2020. The results of my research show that there are several factors contained in the economic growth of nine sectors, there are 6 main base sectors in Merauke Regency in 2016-2020, namely agriculture, transportation, information and communication, finance, rental, corporate services, processing industry, services, trade, hotels, and restaurants. These six leading sectors will become the leading sectors for the non-base sector in order to be able to develop.

Keywords : *Location Quotients* (LQ), leading sectors, economic growth.



A. INTRODUCTION

A region's economy is measured by its economic growth (Arsyad, 2017). High and sustainable economic growth is the most important condition or requirement for the continuation of economic development and welfare enhancement (Darlin, 2017). Regional economic development objectives are not significantly different from national economic development objectives. Regional development in Eastern Indonesia, particularly Papua, has attracted the attention of the central government in recent years; however, the success of regional development cannot be separated from the role of local governments in its implementation (Sukmalalana et al., 2020). In order for the region's development to be truly in accordance with the potential of the region's priorities, it is necessary to strive for harmony and continuity between related sectors when implementing regional development (Simamora & Sinaga, 2016).

Merauke Regency is an agriculture-based area that is quite prominent compared to other sectors. The leading sector is the most effective sector because it acts as an engine of development, in order to realize sustainable regional development goals that refer to the superior sector to encourage and sustain growth and development of the economic sector (Abdul Kohar Mudzakir, 2003). The leading sector, which is a very important sector in the economic development of a region, does not only spur on geographical location; rather, it is a sector that spreads and various economic channels, so that it is able to move the economy as a whole. This is because the leading sector is a sector that is very important in the economic development of a region (Soebagiyo & Hascaryo, 2015).

One of the leading sectors is what is the leading sector in Merauke Regency, from the potential of natural resources in the Merauke Regency area, it is clear that what can be excelled is the agricultural sector which includes the forestry, plantation, fishery and rice fields sectors considering that the available land is very wide. and most of them are still untouched and managed due to limited human and capital resources, in detail these leading sectors (Maulud, 2004). The contribution of each economic sector in spurring economic growth can be seen from the number of goods and services produced (Fachrizal, 2016).

There are nine economic sectors with different resource conditions and economic factors, of course, causing the economic contribution to differ from one sector to another. The agricultural sector is the sector that contributes the largest to GRDP, which is Rp 2,322,439.9 of the total GRDP in 2016-2020, the second largest contributor is Wholesale and Retail Trade; Car and Motorcycle Repairs amounted to Rp 1,128,251.7 and the third largest was the Construction sector, which was Rp 1,127,642.3. While the smallest contribution is the electricity and gas procurement sector, which is Rp5,226.0. The sub-sector that gives the largest contribution to the agricultural sector is the fishery sub-sector, so that if it is volatile it will affect the contribution of the agricultural sector. It means that the leading sector in Jayapura Regency with the leading sector in Merauke Regency has the same leading sector but with different results, namely the agricultural sector of Merauke Regency of 2,322,439.9 million, while the agricultural sector in Jayapura of 1,840,348.20 means that from the existing data it can be concluded the leading agricultural sector in Merauke which is superior to the agricultural sector in Jayapura.

B. LITERATURE REVIEW

1. Leading Sector

Typically, the definition of a leading sector involves a comparison, whether regional, national, or international (Yurinsintha & Dolorosa, 2015). In the international context, a sector is considered superior if it can compete with other countries in the same sector. At the national level, a sector is considered to be a leading sector if it can compete with the same sector produced by other regions on both the national and domestic markets (Tambunan, 2001). A region will have a leading sector if it can compete successfully with other regions in the same sector and produce exports (Suyatno, 2000).

The leading sector is certain to have a greater growth potential than other sectors in a region, especially given its supporting factors, namely capital accumulation, economic growth, and technological advancement (Mahesa & Huda, 2022). Creating investment opportunities can also be accomplished by maximizing the potential of the region's dominant industry (Rachbini, 2001).

As the foundation for regional development planning in the current era of regional autonomy, where regions have the opportunity and authority to formulate policies in accordance with regional potential in order to accelerate regional economic development, the identification of leading sectors is crucial. Sambodo (2002) identifies

the following as criteria for leading sectors: Leading sectors have a high rate of economic growth, relatively high employment rates, and strong forward and reverse linkages. capable of creating significant value.

2. Concept of Economic Development and Growth

Development is a process of continuous improvement in all aspects of people's lives through the standardization of a set of values that leads them to their desired state and level of living. Every citizen's potential resources, initiatives, inventiveness, and personality should be fostered through development.

According to Adisasmita (2005), development is a spontaneous and discontinuous change in a stationary state that continuously replaces the current equilibrium situation. Economic growth is evidence of the influence of government policies, particularly in the economic field (Hasan & Azis, 2018). Economic growth is the rate of growth in various economic sectors, which indirectly describes the extent of economic growth. This indicator is crucial for determining the future success of regional development (Latifah, 2015).

Economic growth and the creation of equal opportunities and a more equitable distribution of development outcomes must go hand in hand and be planned. Growth is the primary indicator of the success of development, and the community as a whole will benefit from economic growth, either naturally or through government intervention. The presentation of the Gross Regional Domestic Product (GRDP) on consumer prices on a recurring basis illustrates fluctuations in economic growth in real terms from one year to the next. Positive growth indicates economic expansion, while negative growth indicates economic contraction (Harahap et al, 1996).

3. Economic Base Theory

Location Quotient (LQ) analysis is one method for determining whether a sector is base or non-base. According to Arsyad (1999), the Location Quotient technique can categorize a region's economic activities into two groups: Economic sector activities that serve both regional and international markets. These sectors are referred to as base (potential) economic sectors. Non-potential (non-fundamental) economic sector activities that serve local markets are referred to as non-potential (non-fundamental) sectors (Siwu, 2019).

According to this theory, the demand for goods and services from outside the region is the primary determinant of economic growth in a region. The growth of industries that employ local resources, such as labor and raw materials, benefits the local economy. Emerging regional development strategy focuses on assisting businesses with national and international markets (Irsan et al, 2017).

C. METHOD

This research was directly conducted in Merauke Regency. The data used in this study is a time series data type with the period 2016-2020, which is sourced from the Central Statistics Agency (BPS) of Merauke Regency. Analysis of the data used to

solve problems and obtain conclusions on the problems that exist in this study. The definition of population according to Sugiono (2006), is a generalization area consisting of: objects/subjects that have certain qualities and characteristics determined by researchers to study and then draw conclusions. The population in this case is the leading sector that can affect economic growth in Merauke district. To discuss the problem and prove the hypothesis that has been put forward, the analytical method used in this study is the quantitative analysis method, namely LQ. This quantitative analysis method is to analyze data on the development of economic growth in Merauke Regency.

D. RESULTS AND DISCUSSION

The contribution or role of each economic sector in terms of added value in an area greatly influences the economic structure of a region. The leading economic sector is the one that contributes the most to the formation of GRDP. This is a sector that adds color to a region's economy. The smallest change in price or production has an impact on the formation of added value in the sector, ultimately causing a shift in a region's economic structure.

The fundamental sector/sub-sector of the regional economy. The basic sector is a leading sector that is thought to be capable of producing goods and services for both regional and international markets (exports). The economic base theory underpins this LQ calculation, which seeks to assess the impact of an industry producing goods and services for both domestic and international markets, resulting in a flow of income to the region in question. This income stream boosts economic growth in a region and can help to reduce unemployment.

According to the LQ analysis criteria, the sector/subsector that has an LQ coefficient > 1 is called the sector/subsector basis, which means that this sector can be the mainstay of the region to be developed because it has the potential to increase economic growth in Merauke district. Thus, sectors and sub-sectors that during the assessment period have a value of LQ > 1 can be said to have the ability to improve the regional economy, although with different potentials.

Table 1 GRDP of Merauke Regency on the basis of constant prices by business field, 2016 – 2020 (Millions of Rupiah)

No	BUSINESS FIELD	2016	2017	2018	2019	2020
1	Agriculture,	2,000,611.9	2,104,581.9	2,195,880.8	2,247,670,9	2,322,439.9
2	Mining and excavation	100,454.6	108,742.1	118,017.8	127,223.2	137,528.2

3	Processing industry	260,896.7	280,457.9	296,176.7	314,587.0	335,870.5
4	Electricity and Gas Supply	3,784.2	4,048.9	4,376.0	4,340.4	5,226.0
5	Water Supply, Waste Management,	8,426.7	9,155.2	9,951.6	10,899.8	11,467.0
6	Construction	691,637.9	787,966.7	884,717.8	998,315.6	1,127,642.3
7	Wholesale and Retail Trade;	765,033.4	840,860.4	925,804.5	1,023,087.2	1,128,251.7
8	Transportation and Warehousing	465,415.1	500,176.3	546,168.9	587,720.1	638,293.6
9	Provision of Accommodation and Food and Drink	70,960.8	78,203.6	87,052.0	97,593.7	105,430.8
10	Information and Communication	350,762.5	402,640.2	465,613.2	530,663.5	606,957.4
11	Financial Services and Insurance	147,854.5	171,067.2	193,674.0	195,862.9	200,495.7
12	Real Estate	194,222.4	204,748.4	213,088.7	225,021.7	229,581.0
13	Company Services	99,035.4	104,759.6	111,485.2	119,645.9	128,619.4
14	Government administration,	631,163.9	678,062.	727,462.0	780,163.5	807,342.6
15	Education Services	156,271.3	171,303.7	183,904.0	193,418.2	204,570.0
16	Health Services and Social Activities	104,621.2	114,820.9	124,465.7	134,962.0	146,726.7
17	Other services	82,075.2	92,499.3	93,666.4	97,703.4	103,153.2
GDP		6,133,226.6	6,654,124.7	7,181,505.3	7,686,878.0	8,249,596.1

On average, economic growth in Merauke Regency during the period 2016 to 2020 is 7.60 percent per year. Where the highest average rate of economic growth will occur in 2020, which is 8.24 percent. Economic growth in Merauke Regency was so rapidly influenced by the agriculture, mining and mining sectors, while the lowest was the electricity and clean water sector which experienced a slowdown at 5.39

percent. The opposite happened in 2016 where in fact the economic growth of Merauke Regency was strongly influenced by the electricity and clean water sector which grew to 8.24 percent. On average, the rate of economic growth in Merauke Regency during the period 2017 was the lowest in 20-20 which was 5.39 percent, this was due to the stagnation of the wheels of the economy or a slowdown in the course of the economy in Merauke Regency. In addition, one of the sectors that is considered the most potential has a very important role and contributes the largest to GRDP.

In general, this economic condition is in the recovery stage, this condition can be seen from the growth rate of the economic sector which has begun to improve, in addition to that various efforts have been made by the government to recover from the economic downturn, one of the government's efforts has been carried out, the performance is still weak and hinder the pace of movement of the wheels of the economy. The government has also made efforts to increase people's economic activities by providing various business facilities, all of which are intended to be able to turn the wheels of the economy back which have been hampered so far. This economic condition can be seen from various activities in the real sector, which are supported by the banking sector, so that this activity is expected to be able to turn the wheels of the economy as a whole.

Jayapura Regency GRDP table on the basis of constant prices by business field, 2016 – 2020 (Millions of Rupiah) is presented below as follows

Table 2 : GRDP of Jayapura Regency on the basis of constant prices by business field, 2016 – 2020 (Millions of Rupiah)

No	BUSINESS FIELD	2016	2017	2018	2019	2020
1	Agriculture,	1,374,127.60	1,487,833.70	1,655,609.00	1,807,385.50	1,840,348.20
2	Mining and excavation	173,452.50	173,843.00	175,035.20	176,958.10	177,353.20
3	Processing industry	328,914.60	334,952.20	365,056.90	380,114.20	402,224.90
4	Electricity and Gas Supply	2,245.50	2,411.50	2,686.80	2,692.10	3,188.30
5	Water Supply, Waste Management,	11,200.00	12,180.30	13,226.90	14,158.10	15,019.50
6	Construction	546,945.40	650,016.00	772,390.40	944,444.40	1,089,335.50
7	Wholesale and Retail Trade;	760,065.90	828,654.40	889,702.30	950,923.50	1,017,172.80

8	Transportation and Warehousing	778,412.50	875,256.80	963,887.20	1,066,634.30	1,234,778.50
9	Provision of Accommodation and Food and Drink	67,785.70	77,799.40	88,613.70	100,666.80	110,248.30
10	Information and Communication	297,499.40	334,579.20	371,256.60	405,212.30	441,902.20
11	Financial Services and Insurance	72,142.50	83,403.40	97,510.10	103,418.80	112,805.20
12	Real Estate	252,023.00	289,956.20	314,084.70	340,405.00	374,224.80
13	Company Services	93,469.70	109,062.50	130,309.40	150,272.80	172,907.30
14	Government administration,	465,710.20	488,339.10	563,052.80	604,030.40	658,133.00
15	Education Services	115,911.00	135,625.10	148,529.60	159,269.50	173,184.60
16	Health Services and Social Activities	87,862.80	96,011.20	104,768.30	113,820.30	123,941.80
17	Other services	94,933.10	106,268.80	116,313.00	125,176.00	134,579.40
GDP		5,522,701.20	6,086,192.70	6,772,033.00	7,445,582.10	8,081,347.70

Based on the table above, it can be explained that, on average, the rapid economic growth in Jayapura Regency is influenced by the financial sector, leasing and company services by 66.24 percent in 2016. Meanwhile, due to the slowdown in growth in the agricultural sector, namely the crop sub-sector. food material. This sub-sector is considered to have the most role in providing the largest contribution, and secondly, the forestry sub-sector has slowed its growth rate to 23.45 percent

Table 3 Results of Location Quotient (LQ) Analysis of Economic Activities (persector) of Merauke Regency in 2016-2020

No	BUSINESS FIELD	2016	2017	2018	2019	2020	Mean
1	Agriculture,	5.96	5.76	5.68	5.75	5.85	5.94

2	Mining and excavation	0.47	0.47	0.46	0.47	0.48	0.46
3	Processing industry	2.85	2.72	2.66	2.6	2.56	2.79
4	Electricity and Water Supply	0.06	0.04	0.04	0.05	0.05	0.05
5	Construction	0.16	0.16	0.15	0.14	0.13	0.15
6	Trade, hotel and restaurant	2.04	2.11	2.17	2.18	2.16	2.11
7	Transportation Information and Communication	3.66	3.67	3.60	3.61	3.64	3.67
8	Finance, leasing and corporate services	3.56	3.41	3.27	3.25	3.18	3.41
9	Services	2.23	2.19	2.12	2.11	2.07	2.17

The results of the Location Quotient (LQ) analysis of Merauke Regency in 2016-2020 show that there are six sectors that can be classified as base sectors that can be developed into leading sectors in the future, namely the agricultural sector, the transportation and communication sector, the financial sector and company service leasing, the manufacturing sector, the services sector, and the trade, hotel and restaurant sector.

Comparative data between Merauke Regency and Jayapura Regency According to business fields with percentage distribution from 2016 – 2020 (Percent) are presented below as follows:

Table 4 Distribution of Merauke Regency's GRDP Percentage at constant prices by business field, 2016-2020

No	BUSINESS FIELD	2016	2017	2018	2019	2020
1	Agriculture,	32.6	31.6	30.6	29.2	28.2
2	Mining and excavation	1.64	1.63	30.6	29.2	1.67
3	Processing industry	4.25	4.21	1.64	1.66	4.07
4	Electricity and Gas Supply	0.06	0.06	0.06	0.06	0.06
5	Water Supply, Waste Management,	0.14	0.14	0.14	0.14	0.14
6	Construction	11.3	11.8	12.3	13	13.7

7	Wholesale and Retail Trade;	12.5	12.6	12.9	13.3	13.7
8	Transportation and Warehousing	7.59	7.52	7.61	7.65	7.74
9	Provision of Accommodation and Food and Drink	1.16	1.18	1.21	1.27	1.28
10	Information and Communication	5.72	6.05	6.48	6.9	7.36
11	Financial Services and Insurance	2.41	2.57	2.7	2.55	2.43
12	Real Estate	3.17	3.08	2.97	2.93	2.9
13	Company Services	1.61	1.57	1.55	1.56	1.56
14	Government administration,	10.3	10.2	10.1	10.1	9.79
15	Education Services	2.55	2.57	2.56	2.52	2.48
16	Health Services and Social Activities	1.71	1.73	1.73	1.76	1.78
17	Other services	1.34	1.39	1.3	1.27	1.25

Table 5 Distribution of Jayapura Regency's GRDP Percentage at constant prices by business field, 2016-2020

No	BUSINESS FIELD	2016	2017	2018	2019	2020
1	Agriculture,	24.9	24.4	24.4	24.3	22.8
2	Mining and excavation	3.14	2.86	2.58	2.38	2.19
3	Processing industry	5.96	5.5	5.39	5.11	4.98
4	Electricity and Gas Supply	0.04	0.04	0.04	0.04	0.04
5	Water Supply, Waste Management,	0.2	0.2	0.2	0.19	0.19
6	Construction	9.9	10.7	11.4	12.7	13.5
7	Wholesale and Retail Trade;	13.8	13.6	13.1	12.8	12.6
8	Transportation and Warehousing	14.1	14.4	14.2	14.3	15.3
9	Provision of Accommodation and Food and Drink	1.23	1.28	1.31	1.35	1.36
10	Information and Communication	5.39	5.5	5.48	5.44	5.47
11	Financial Services and Insurance	1.31	1.37	1.44	1.39	1.4
12	Real Estate	4.56	4.76	4.64	4.57	4.63
13	Company Services	1.69	1.79	1.92	2.02	2.14

14	Government administration,	8.43	8.02	8.31	8.11	8.14
15	Education Services	2.1	2.23	2.19	2.14	2.14
16	Health Services and Social Activities	1.59	1.75	1.55	1.53	1.53
17	Other services	1.72	1.75	1.72	1.68	1.67

The difference between the two Regencies The contribution of each economic sector in spurring economic growth can be seen from the number of goods and services produced. There are seventeen economic sectors with different resource conditions and economic factors, of course, causing the economic contribution to differ from one sector to another, the contribution between Merauke Regency and Jayapura Regency has different leading sectors from table 4.7 and table 4.8 between the agricultural sector is the sector that contributes the largest to GRDP, namely in Merauke at 28.2 percent, and in Jayapura Regency the agricultural sector has a distributed contribution of 22.8 of the total GRDP in 2016 - 2020, the second largest contributor in Merauke Regency is Wholesale and Retail Trade; Car and Motorcycle Repairs amounted to 13.7 percent and the Construction sector had the same result of 13.7 percent. While in Jayapura Regency, the second position occurred in the Transportation and Warehousing sector, which was 15.3 percent and in the third sector the most prominent was in Merauke Regency, the government administration and social security sector, which was 9.79 percent, and in Jayapura Regency, in the third position, it was in the construction sector, namely by 13.5 percent, while the sector is quite good but still developing, the sub-sector that provides the largest contribution between the two regencies in the agricultural sector is the fishery sub-sector so that if it is volatile it will affect the contribution of the agricultural sector

E. CONCLUSION

According to the results of the calculation of the analysis of factors that affect economic growth in Merauke Regency in 2016 - 2020, there are significant 6 leading sectors Location Quotient (LQ) per sector base to become the leading sector, namely the agricultural sector as the first largest contributor, followed by the sector, the transportation and communications sector, the financial sector and corporate service leasing, the manufacturing industry sector, the services sector, and the services sector. These leading sectors are those that meet the criteria for advanced and rapidly growing sectors. These six leading sectors have the potential to influence economic growth both within and outside the region, allowing them to become export hubs. These six leading sectors will help to encourage the development of non-basic sectors and their use as non-basic inputs. And vice versa, because the basic sectors can contribute to the leading sector (backward linkage).

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