



Analysis of Leading Sectors in Economic Growth in Malang District

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ABSTRACT

Leading sectors are those with the ability to strengthen the local economy and generate wealth. Finding the economic sectors that contribute most to the Malang District's regional gross domestic product is the aim of this study. This study uses quantitative description to identify the major and minor sectors of Malang Regency and makes use of time series data as secondary data from 2020 to 2022. Among the analysis instruments employed are the Location Quotient (LQ); The results showed that: (1) According to the location quotient (LQ) analysis, the main sectors of Malang Regency are agriculture, forestry, fisheries, manufacturing, water supply, waste management, solid waste and recycling. It consists of Masu. Construction industry retail and wholesale. repairs for cars, motorcycles, and other vehicles. (2) Shift share analysis for wholesale/retail, automobile/motorcycle repair. It can be seen that the proportional share (PS) and national PR share are highest in trade in goods both wholesale and retail, vehicle and motorcycle repair, and differential sharing. mining and quarrying sector.

INTRODUCTION

Economic development is essentially the work of public authorities to ensure that an area receives higher levels of government support and the economy. Economic development has the following characteristics a continuous cycle of using To access existing financial assets specific government - supported goals. To achieve economic development, he has three main policies as part of his progress. There are his three indicators that represent the macro level of development and gauge the state of development. The degree of development, the industry or business, and the stability of prices are the three indications. (Mankiw, 2006).

((Definition of Development According to Prof. Dr. Hj. Syamsiah Badruddin, M.Si, n.d.) Regarding Prioritizing economic development through initiatives for economic growth is the goal of both average and regional economic development. A measure of Economic growth due implies a rise in the region's gross domestic product due to increased production of products and services. An indicator of Increased demand for goods and services from outside the region is referred to as regional economic growth, which allows for the use of local resources. develop local employment opportunities and achieve regional prosperity. When discussing a region, an analysis of the region is inseparable from a discussion of community income levels in that region. In this case, Gross Regional Domestic Product is often used to see the income of people in a region. by calculating Gross Regional Domestic Product carefully, The success of the development of the region can be concluded by indicating the rate of economic expansion, which represents the Increased production in various fields sectors of existing business areas, based on current and constant prices, respectively. The image of a region's gross domestic product, which indicates The money that the region's economic sectors create determines the degree of economic growth.

Economic growth is the increase It serves as a gauge for the creation of goods and services, success of a local economy based About the region's gross domestic product, also known as the GDP, state, or city/county. At the national level. (Surbakti et al., 2021). The World Bank recorded strong economic growth in 2017, significantly exceeding expectations, with continued improvements in investment, production and trade. Developing countries their exports benefit from higher product prices are forecast to see a 31% increase in global economic growth in 2018. Based on the above explanation, we can conclude that economic growth is not always increasing, but fluctuates under the influence of other factors in the country. The Indonesian economy grew by 5.07% in 2017 compared to 2016, or 5.03%. The business services sector achieved the highest production growth rate of 9.25%. On the expenditure side, the export component of goods and services achieved the highest growth at 8.50% (bps,2018).

Economic growth in East Java has continued to show progressive development over the past two years. The Central Bureau of Statistics (BPS) estimates that the rate of economic growth in East Java is 7.05%. As a result of this economic growth, East Java has made the second largest economic contribution in Java after Greater Jakarta, with a 24.93% contribution. Her role

in quickening the country's economic expansion was 14.44%, making East Java province The second highest contributing state. Another district in the East Java region that has lost funds as a result of the COVID-19 outbreak is Malang Regency. Based on constant prices in 2010, it decreased from Rp 69.99 trillion in 2020 to Rp 69.7 trillion in 2019. This shows that the economic growth rate of Malang District in 2021 was 3.14 percent. Apart from the existence of a systematic and consistent regional leadership implementation strategy.

In terms of production, the retail or wholesale industries and automobile or motorcycle repair sectors recorded the highest growth of 7.35%. On the expenditure side, the expenditure part of household consumption recorded the highest growth rate, increasing by 3.66%.

THEORETICAL REVIEW

Good growth cannot be just a driving force increases in the social assistance index but also for decreases in poverty and unemployment. Lead sectors are sectors that are advantageous for regional economic development. These sectors will continue to develop through the implementation of It serves as the basis for investment and economic activities. This is based on the extensive role of this sector in the local economy (Adisasmita, 2013). Major industry standards vary. The questions are based on how much the sector contributes to the local economy and include: First, major sectors have high growth rates. Second, the labor income ratio in this sector is relatively high. Thirdly, this department has high interdepartmental contributions both forward And backwards. Fourth, It might also mean what follows. area with significant added value (Usha, 2006).

One of the theories developed to improve the local economy is the basic economic theory. This fundamental Economic theory states that the demand for goods and services from outside the region is one of the primary factors influencing a region's economic growth. Local sectors and industries' production processes that employ people and raw materials from the area and export their goods help the local economy thrive, raise per capita income, and provide jobs. (Tulus t.h. Tambunan, 1996).

METHODOLOGY

This study is being conducted in East Java's Malang Regency. Descriptive quantitative research is the methodology used to precisely identify the main industries and subindustries in the Malang district. An economic sector is defined as one that expands to the point that it becomes the backbone of the community, plays a major role in the regular financial development of the region's economy, and affects people's daily lives. (Suparmako, 2012).

Three years' worth of secondary data were employed in this investigation. the period from 2020 to 2022, as indicated by the regional gross domestic product (RGDP) economic growth variable (GRDP). Data sources are from Badang Pusat Statistics (BPS) or East Java Provincial Central Office and Badang Pusat Statistics (BPS) or Malang Regency Central Office. In this investigation, analytical approaches were employed.

Location Quotient (LQ) analysis is a simple indicator of the “strength” of large and small sectors in an area compared to the same sectors in a larger area (Tarigan, 2007). LQ is also employed in determining the major's level of specialization. The greater the sector, the region's competitive edge in sector development, the higher his LQ score. The purpose of LQ calculation is to show the

$$LQ = \frac{E_{ij}/E_j}{E_{in}/E_n}$$

Description :

LQ = Location quotient in Malang Regency

E_{ij} = GRDP sector in Malang Regency

E_j = Total GRDP in Malang Regency

E_{in} = GRDP sector in East Java Province

E_n = GRDP sector in Malang Regency

Below, the degree of professionalism is measured using the following criteria:

- $LQ > 1$ means that the level of specialization of a particular sector at the district level is greater than the same sector at the provincial level.
- $LQ = 1$ means that the level of specialization of a particular sector at the district level is the same as the same sector at the provincial level.
- $LQ < 1$ means that the level of specialization of a particular sector at the district level is smaller than the same sector at the province level.

Shift share analysis is an analytical technique that can be used for identification. some of the factors that influence regional The difference between economic growth and business performance. (Field & Mac Gregor, 1987). The shift ratio formula is:

$$D_{ij} = N_{ij} + M_{ij} + C_{ij}$$

$$N_{ij} = E_{ij} \times r_n$$

$$M_{ij} = E_{ij} (r_{in} - r_n)$$

$$C_{ij} = E_{ij} (r_{ij} - r_{in})$$

Description :

E_{ij} is employment in sector i of region j

E_{in} is the employment opportunities in the sector I nationally

R_{ij} is the growth rate of sector I in region j

R_{in} is the national sector I growth rate

R_n is the rate of national economic growth

RESULTS AND DISCUSSION
Location Quotient (LQ) Analysis

Table 1. findings from the Malang district's location quotient analysis in 2020–2022

KATEGORI	SEKTOR	2020	2021	2022
A	Agricultural, Fisheries and Forestry	1,42	1,39	1,41
B	Mining and Quarrying	0,35	0,36	0,39
C	Manufacturing	1,07	1,05	1,03
D	Electricity and Gas Procurement	0,35	0,34	0,35
E	Water Procurement, Waste Management, Waste and Recycling,	1,03	1,04	1,03
F	Construction	1,29	1,33	1,34
G	Retail and wholesale. auto, motorbike, etc. maintenance.	1,03	1,03	1,03
H	Transportation and Warehousing	0,40	0,42	0,42
I	Provision of Accommodation and Food Beverages	0,65	0,65	0,67
J	Information and Communication	0,87	0,87	0,90
K	Financial and Insurance Services	0,62	0,62	0,64
L	Real Estate	0,88	0,90	0,91
M, N	Company Services	0,49	0,50	0,49
O	Government Administration, Defense and Compulsory Social Security	0,80	0,79	0,77
P	Education Services	0,91	0,92	0,92
Q	Health and Social Services	0,90	0,90	0,88
R, S, T, U	Other Services	1,45	1,43	1,39

Source: BPS Malang Regency, 2022 (Secondary data processing results)

Based on the LQ analysis computation results in Table 1, clearly visible that there are six major sub-sectors (bases) in the average LQ value results of Malang District from 2020 to 2023. The subsectors are (1) Agricultural, Forestry, and Fisheries, (2) Manufacturing, (3) Water Procurement, Waste Management, Waste and Recycling, (4) Construction, and (5) Wholesale and Retail. Automobile, motorcycle repair, etc. (6) Other services. These sectors are classified as parent/base sectors using the calculated $LQ > 1$. Therefore, these sectors are those that can meet local needs and Export goods to foreign markets. These sectors can additionally foster areas with the potential to strengthen the economy. of the province of Malang.

Shift Share Analysis

Table 2. shift share calculation results Malang district

Shift Share	Sektor	Kesimpulan
Shift Share PS 2020-2021 and 2021-2022	Wholesale, retail, and repair of automobiles and motorcycles	The sector is growing relatively fast at the provincial level
Shift Share PR 2020-2021 and 2021-2022	Processing Industry	Sector production growth in these districts tends to drive provincial GRDP growth
Shift Share DS 2020-2021 dan 2021-2022	Processing Industry	The Sector Has a Locational Advantage

Source: Secondary data processing results

From table 2 above via the findings of the National share computation, proportionate share, and differential share of Malang Regency in the period 2020-2022. The industries with the largest national market a portion of the retail, wholesale, and automotive and motorcycle repair businesses.

From 2020 through 2022, this industry will increase Malang Province's regional GDP. The number of base sectors in Maran Regency has remained constant for his third consecutive term as one sector continues to increase. This indicates that the automotive and motorcycle repair industries, as well as the wholesale and retail trade, continue to dominate Malang Province's economy. The proportional share is characterized by the manufacturing sector, where growth in the sector's production tends to drive the growth of the state's regional gross domestic product. This sector is experiencing rapid growth in Malang compared to the national level. This is because sector I of the national gross domestic product has an effect on sector I of the regional GDP in the district of Malang. The manufacturing industry appears to have a locational advantage based on the variance share. The sector gains from Malang district's internal growth in the regional gross domestic product. And in 2021, we see that the economic growth rate of Malang Regency increased very well at 3.12%. The achievement is an attempt by the government to revive the local economy in the wake of the coronavirus disease (Co-19) pandemic. Six economically active sectors show that the Malang district's economic performance has improved.

CONCLUSIONS AND RECOMMENDATIONS

Considering the outcomes of the conversation, firstly, among the six economic categories that make up Malang District's regional GDP, the findings of Malang's primary sectors' LQ analysis District from 2020 to 2022 can be

concluded as follows: can. Three sectors have a value of $LQ > 1$ or can be called lead sectors: (1) Agriculture, Forestry and Fisheries, (2) Manufacturing, (3) Water Procurement, Waste Management, Waste and Recycling, (4) construction industry, (5) wholesale and retail trade; Automobile, motorcycle repair, etc. (6) Other services. Second, shift share study results indicate that Malang Regency's financial framework grew by 3.12% between 2020 and 2021 in comparison to East Java Province.. Auto and motorcycle maintenance, as well as wholesale and retail trade, are sectors that are thought to be expanding quickly. Sectors included in the manufacturing sector classification, and sectors whose production is increasing within a district, tend to drive the growth of a state's regional gross domestic product. The type of industry that has a locational advantage is the manufacturing industry.

FURTHER STUDY

Suggestions for future research include involving relevant parties and local stakeholders to gain a better understanding of the dynamics of the sectors. This can provide more contextualized insights and ensure the sustainability of research results.

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