

PRIORITY DETERMINATION IN MEDIUM TERM DEVELOPMENT PLAN BASED ON THE DEVELOPMENT OF LOCAL ECONOMICS POTENTIAL IN MAJENE REGENCY, WEST SULAWESI

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ABSTRACT

The national development planning system in Indonesia as stipulated in Undang-Undang Nomor 25 Tahun 2004 concerning the National Development Planning system divides the scope of planning in a systematic and integrated manner. Economic growth itself is closely related to an increase in the production of goods and services, which is measured by the amount of Gross Domestic Product (GDP) at the national level and Gross Regional Domestic Product (GDRP) for the regions. The method to describe the existence of a potential sector is the Location Quotient (LQ) analysis method. LQ analysis cannot explain the factors that cause changes in economic structure, so the calculations in this study are supported by the calculation of the Shift Share (SS) analysis. The two analyzes also cannot explain priority areas that need to be considered in the formulation of development planning. Therefore, we need an interactive planning approach. The results showed that the mining and quarrying sector, electricity and gas, wholesale and retail trade, repair of cars and motorbikes, information and communication, real estate and education services, are basic sectors and have high competitiveness. The processing industry sector, water supply, waste processing and recycling, construction, financial services and insurance, government services, health services, social activities are sectors that are growing rapidly. Majene Regency is increasingly lagging behind in the agricultural, forestry and fishery industries compared to other areas in West Sulawesi

Keywords: economic basis, leading sectors, lagging sectors

INTRODUCTION

The national development planning system in Indonesia as stipulated in Undang-Undang Nomor 25 Tahun 2004 concerning the National Development Planning system divides the scope of planning in a systematic and integrated manner. In order to achieve regional development goals, the main policy that needs to be done is to make every effort so that the priorities of regional development are in accordance with the potentials possessed and balance the aspirations of the community. This needs to be pursued because the development potentials faced by each region vary. Therefore, if the regional development priorities do not match the potential of each region, the existing resources cannot be fully utilized. This situation results in a relatively slow process of economic growth in the region concerned. This shows that economic development is said to be running if it is marked by economic growth (Sjafrizal, 2009).

Mapping the potential of an area is very important to identify sectors that have advantages and disadvantages in an area. Sectors that have advantages have good prospects for sustainable development and are expected to encourage other sectors to develop. In the analysis of the relative potential of the regional economy, it is said that there are several ways that can be used, including comparative advantage, Location Quotient, and Shift Share (Tarigan, 2005, 79). The ability of a region to process existing potentials is needed to encourage improvement of equality in society, the ability to identify the potential of an area to grow rapidly as determining factors in encouraging regional economic growth. The potentials that exist need to be known in detail, in addition, it is also necessary to study the extent of the influence and contribution of each potential, these results will be used as input for local governments in preparing the direction of regional development policy planning in accordance with the potential there is.

One of the economic indicators needed to measure the performance of a region's economic growth is Gross Domestic Product (GDRP). GDRP is the gross added value of all goods and services produced by an area arising from various economic activities at a certain time in terms of expenditure, income and production.

GDRP in its formulation is divided into two, namely GDRP based on current or nominal prices (ADHB) and GDRP at constant or real prices (ADHK). GDRP based on current prices is GDRP which is compiled based on market prices which aims to see the economic structure of a region while GDRP at constant prices is GDRP which is compiled based on prices in the base year which aims to measure the economic growth rate of a region (BPS, 2020). GDRP is an important indicator in the economy of a region that can be used as a basis for regional development planning and evaluation and to determine the potential that exists in an area concerned.

The comparative advantage of a sector for a country or region is that it is relatively superior to other sectors in the region. The definition of superior in this case is in the form of comparison and not in the form of real value added. If the advantage is in the form of real value added then is called absolute advantage. A sector that has advantages even though it is only in the form of a comparison, is more profitable to develop compared to other sectors that are produced by both countries or regions. Where in free trade between regions, the market mechanism encourages each region to move towards a sector that in its region has a comparative advantage.

The analysis that can be used is by using the Shift-share analysis with tujaun to compare the differences in the growth rate of various sectors in the regions at the regional level with those at the national level. The shift-share analysis method is basically sharper than the LQ analysis method, where the LQ analysis method provides an explanation of the factors causing change while the shift-share method details the causes of change on the basis of variables. This analysis uses the method of isolating various factors that cause changes in the structure of a sector. area in its growth over time. This includes describing the factors that cause

the growth of various sectors in a region in relation to the national economy. Shift-share analysis can use employment or value-added variables. However, the most widely used is the employment variable because the data is easier to obtain.

METHODS

This type of research is quantitative and qualitative (mix) research, where to analyze the results of research, based on numerical data that is read by simple mathematical methods (LQ analysis and shift share), followed by qualitative analysis (interactive planning) involving various informants. and qualitative data to draw final conclusions.

This research was conducted in the Majene district, which is one of the districts in West Sulawesi Province. The research location was chosen purposively (deliberately) with the consideration that Majene Regency is a developing area in West Sulawesi Province and has good potential to be developed in a sustainable manner.

The type of data used in this study is secondary data with a span of 5 years obtained from the Central Bureau of Statistics of Majene Regency, the Regional Development Planning Agency (BAPPEDA) of Majene Regency, the data is in the form of GDRP data of Majene Regency and GDRP of West Sulawesi Province, general conditions. Majene Regency and other supporting data that may be needed. All data is online data that can be downloaded by the public

The technique used in this research is documentation technique, which is data collection by recording existing data in the research area or based on documentation in the form of GDRP data at constant prices for 2010-2020, which is sourced from the Central Bureau of Statistics of West Sulawesi.

The use of GDRP data on constant prices because all aggregate income is valued at fixed prices, then the development of aggregate income from year to year is solely due to developments in real income not due to price increases or inflation. GDRP on the basis of constant prices shows that the rate of the economy as a whole or each sector from year to year.

The method of analysis used in this study uses 2 quantitative methods, namely data analysis, namely Location Quotient (LQ) and Shift Share (SS), followed by interactive planning methods.

In determining the basic sectors and non-basis sectors in Majene Regency using the LQ method. Location Quotient (location quotation) or abbreviated as LQ is a comparison of the magnitude of the role of a sector / industry in a region to the magnitude of the role of the sector / industry nationally (Tarigan, 2005). LQ analysis is used to identify and determine the basic and non-basic sectors in a region by using the GDRP as an indicator of regional growth.

The LQ calculation is also used to show the comparison between the roles of regional sectors and the roles of the wider regional sectors. This technique is used to identify the internal potential of the area, namely the base sector and the non-base sector (Kuncoro, 2004).

$$LQ = \frac{Si}{S} : \frac{Ni}{N}$$

Dimana:

LQ	: Index Location Quotient
Si	: GDRP sektor I Kabupaten Majene
S	: GDRP total Kabupaten Majene
Ni	: GDRP sektor i di Provinsi Sulawesi Barat
N	: GDRP total Provinsi Sulawesi Barat

Based on the formulation shown in the above equation, there are three possible LQ values obtained, namely:

- The value of LQ = 1. This means that the level of specialization sector i in Majene Regency is the same as the same sector in the economy of West Sulawesi Province.
- LQ value > 1. This means that the level of specialization of sector i in Majene Regency is greater than that of the same sector in the economy of West Sulawesi.
- LQ value < 1. This means that the level of specialization sector i in Majene Regency is smaller than the same sector in the economy of West Sulawesi Province.

In other words, if LQ > 1, it can be concluded that the sector is a base sector and a potential sector to be developed as a driving force for the economy of Majene Regency. Conversely, if the value of LQ < 1, then the sector is not a basic sector and has less potential to be developed as an economic driver in Majene Regency. The data used in this analysis are the GDRP of Majene Regency and West Sulawesi Province according to business fields at constant 2010 prices.

In general, in identifying and analyzing changes and sector shifts in the economy in Majene Regency, you can use the Shift and Share analysis. The Shift and Share method is used to observe a shift in the economic structure of a region by emphasizing the growth of the sector in that area, which is compared to the same sector in the economy at a higher level. Regional economies that are dominated by slow growth sectors will grow below the economic growth rate above (Tarigan, 2005: 67).

Shift and Share analysis is a very useful technique in analyzing changes in the structure of the regional economy compared to the national economy. This analysis aims to determine the performance or work productivity of the regional economy by comparing it to a larger area. This analysis provides data on economic performance in three areas that are related to one another (Arsyad, 2010: 139), namely:

- a. Regional economic growth is measured by analyzing changes in the aggregate by sector compared to changes in the same sector in the economy as reference.
- b. Proportional Shift measures the relative change, growth or decline, in the region compared to the larger economy which is used as a reference for this measurement. This measurement allows us to know whether the regional economy is concentrated on industries that are growing faster than the economy being referred to.
- c. Differential Shift helps us determine how competitive the local industry is from the economy as a reference. Therefore, if the differential shift of an industry is positive, then the industry is more competitive than the same industry in the economy that is used as a reference.

Shift and Share analysis can be written in the following formula (Tarigan, 2005: 85-92)

$$N_S = E_{r,i,t-n} (E_{N,t} / E_{N,t-n}) - E_{r,i,t}$$

$$P = \{ (E_{N,i,t} / E_{N,i,t-n}) - (E_{N,t} / E_{N,t-n}) \} \times E_{r,i,t-n}$$

$$D = \{ E_{r,i,t} - (E_{N,i,t} / E_{N,i,t-n}) E_{r,i,t-n} \}$$

Keterangan:

N_S	: National Share Kabupaten Majene
P	: Proporsional Share Kabupaten Majene
D	: Differential Shift Kabupaten Majene
$E_{N,t}$: GDRP total Provinsi Sulawesi Barat
$E_{N,t-n}$: GDRP the total of West Sulawesi Province in the previous year
$t, t-n$: periode beginning and ending period
$E_{r,i,t}$: GDRP total Majene Regency
$E_{r,i,t-n}$: GDRP total Majene Regency in the previous year

In the shift and share analysis, we will get the values of Proportional Shift and Differential Shift later. If $P > 0$, then Majene Regency has a specialization in the sector at the provincial level that grows faster if $P < 0$ then what happens will be the opposite, Majene Regency specializes in sectors at the provincial level with slower growth.

If the value of $D > 0$, then the growth of sector I in Majene Regency is faster than that of sector I in West Sulawesi province. Conversely, if the value of $D < 0$ then the growth of sector I in Majene Regency has a slower growth than the same sector in West Sulawesi Province.

The interactive planning method used in this research is to make plans for the future. Based on the problems faced at this time then designing a planning design to overcome the existing problems. As mentioned by Ackoff is "Interactive planning is directed at creating the future which is based on the belief that an organization's future depends at least as much on what is done between now and then, as on what is done to it" (Asmui and Fitriati, 2013). The interactive planning approach includes the following principles.

RESULTS

The results of the LQ calculation can be presented in table 1. It can be seen that in 2010 there were 8 sectors in the base sector of Majene Regency, namely sectors D, H, I, K, L, O, P, R. This Majene was actually relatively superior. compared to other districts in West Sulawesi, there are in the fields of electricity and gas, transportation and warehousing, accommodation, financial services, real estate, government administration, education and other services.

Tabel 1 Results Summary

Sector	LQ2010	LQ2020	Provincial Share	Proporsional Share	Differential Shift
A. Agriculture, Forestry and Fisheries	0,93	0,89	1.520.841,40	-85.520,85	-198.213,39
B. Mining and excavation	0,87	1,16	95.563,75	-7.872,90	13.520,69
C. Processing industry	0,69	0,56	320.263,19	37.259,17	-74.754,42
D. Procurement of Electricity and Gas	1,55	1,76	1.977,89	1.012,94	17,88
E. Water Supply, Waste Management, Waste and Recycling	0,80	0,87	5.700,10	536,80	-193,06
F. Consruction	0,87	0,90	317.113,01	14.317,52	-24.501,34
G. Wholesale and Retail Trade; Car and Motorcycle Repair	0,89	1,01	420.362,70	-55.153,97	2.620,49
H. Transportation and Warehousing	1,08	1,13	69.148,11	-12.654,65	-4.872,77
I. Penyediaan Akomodasi dan Makan Minum	1,08	1,19	9.438,48	-413,54	-238,96
J. Information and Communication	0,90	1,15	180.741,82	-1.772,24	20.580,67
K. Financial Services and Assurance	1,62	1,67	70.593,10	8.907,18	-10.541,70
L. Real Estate	1,01	1,27	137.919,05	-39.372,18	11.842,71
M,N. Company Services	0,56	0,65	3.650,93	-351,52	52,44
O. Government Administration, Defense and Social Security	1,44	1,08	282.949,92	168.288,40	-195.578,21
P. Education services	1,50	1,78	193.695,37	17.337,03	14.961,68
Q. Health Services and Social Activities	0,67	0,72	72.357,27	4.646,07	-2.252,95
R,S,T,U. Othes Services	2,19	1,79	67.108,93	9.362,71	-43.393,31
Gross Domestic Regional Products			3.769.425,04	58.555,96	-490.943,54

In 2020, the base sector in Majene increased to 11 sectors, namely the entry of the mining and quarrying sector, wholesale and retail trade, information and communication. Thus for 8 years, there has been a good growth for the 3 business sectors. The old base sectors with increasing LQ numbers were electricity and gas, transportation and warehousing, finance and insurance, real estate and education services. The base sector that survived but experienced a decline in the LQ index score was government administration and other services.

This strategy suggested for medium-term development planning in Majene Regency is to maintain the existing base sector as the center of economic growth. The trick is to provide a variety of adequate infrastructure that allows the sector to develop better. Among the existing basic sectors, what should be noted are education services, provision of accommodation and food and drink, and other services. This sector needs to be fully developed as a competitive advantage for Majene compared to other districts. Meanwhile, the agricultural, forestry and fisheries sectors need attention because the potential of the existing regions is high but their competitiveness is low, meaning that there is something left behind compared to other regions in West Sulawesi. Attention to development can be focused on the provision of fishery infrastructure, forest maintenance and aquaculture techniques.

Provincial share or national share is how much the GDRP in Majene Regency should increase or decrease if the growth of each business sector in Majene Regency is the same as the GDRP growth in West Sulawesi which is 1.84 times compared to 2010. It can be seen in table 3 that the provincial share For the agriculture, forestry and fishery business sectors, they play a very dominant role, around 40%, followed by the processing and construction industries. Even though these three sectors are not the basic sectors in Majene Regency.

From the results of the proportional share, it can be seen that sectors A, B, G, H, I, J, L, M are negative, which means that this sector in Majene Regency grows slower than the same sector in West Sulawesi province. The agriculture, forestry and fisheries sectors are negative, which means that they are growing slowly compared to the same sector in West Sulawesi province. Although it is not a basic sector, the manufacturing industry is positive. The sectors that are growing fast are those with positive values are sectors C, D, E, F, K, O, P, Q, R.

From the results of the Differential Shift calculation, it is known that the sectors that have better competitiveness in Majene Regency compared to West Sulawesi Province are mining and quarrying, electricity and gas, wholesale and retail trade, information and communication, real estate, corporate services and educational services. Other sectors have a negative value, meaning that the competitiveness of the industry is smaller than the same industry in West Sulawesi Province. Overall, the competitiveness of Majene Regency is negative, meaning that overall industrial competitiveness in Majene is smaller than West Sulawesi.

Based on LQ analysis and shift share analysis, and interactive planning that prioritizes participatory, then for the medium-term development planning of Majene Regency, an analysis can be given that:

1. Sectors which are included as basis, meaning that it is possible to export to other areas are mining and quarrying, electricity and gas, wholesale retail trade in car and motorcycle repair, transportation and warehousing, provision of accommodation and food and drink, information and communication, financial services and insurance, real estate, government administration, educational services, health and social activities.
2. Sectors that are growing rapidly beyond other regions are the processing industry, electricity and gas, water supply for processing waste and recycling, construction, financial services and insurance, government administration, education services, health and social services, and other services.
3. Sectors that are highly competitive compared to other regions in West Sulawesi are mining and quarrying, electricity and gas, wholesale and retail trade, information and communications, real estate, corporate services and educational services.

The sectors which are classified as high growth should be given first priority in medium-term development planning, because these sectors provide high income compared to the basic sectors, absorbing employment at a higher rate than other sectors. One day, this sector could become a base sector that changes the structure of the regional economy.

Basic sectors need to be maintained in medium-term development planning, because this sector absorbs higher employment opportunities compared to other regions, so it is the main livelihood of the majority of the people.

Sectors that have high competitiveness need to be given second priority in development planning in Majene Regency, because this sector is a sector that produces goods cheaper than other areas, or produces high income compared to the average income of the residents of Majene Regency.

Sectors that do not fall into the three categories need to be given attention, because one day it can become a leading sector and could become a base sector, depending on changes in regional economic potential and linkages with other industries. These marginal sectors could be because their attention has been neglected in regional economic development planning so far.

CONCLUSION

The mining and quarrying sector, electricity and gas, wholesale and retail trade, repair of cars and motorbikes, information and communication, real estate and educational services, are basic sectors and have high competitiveness. The processing industry sector, water supply, waste processing and recycling, construction, financial services and insurance, government services, health services, social activities are sectors that are growing rapidly. Majene Regency is increasingly lagging behind in the agricultural, forestry and fishery industries compared to other areas in West Sulawesi.

RECOMMENDATION

Seeing the potential and development of the GDRP in each sector, after analyzing it, it is suggested that in the preparation of the medium-term development plan of Majene Regency, it should provide administrative support, licensing and infrastructure facilities for the mining and quarrying sector, electricity and gas, wholesale and retail trade, car and motorcycle repair information and communication, real estate and educational services. Apart from the basic sector, this sector also has high competitiveness compared to West Sulawesi.

The education service sector must have the highest priority, because this sector has linkages with other sectors both forwards and backwards. This sector must get priority in the development area and the provision of adequate infrastructure which includes transportation and accommodation adjacent to the development area. Community participation must be involved as actively as possible for regional development.

Providing support for regional development, human resource development, and ease of administration for the processing industry sector, water supply, waste processing and recycling, construction, financial services and insurance, government services, health services, social activities which are a fast-growing sector. transformation from a sector that was previously a base sector.

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