MAPPING OF SECTORAL ADVANTAGES AS A DRIVER OF THE REGIONAL ECONOMY

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ABSTRACT

The purpose of this research is to analyze the sectoral difference between provinces in Indonesia. The analytical tool used in this study is the position quotient (LQ) analysis. The results indicate that the LQ value in agriculture, forestry and fisheries has an advantage in almost all provinces, as shown by the LQ value> 1. West Sulawesi is the province which has the highest LQ value for the agricultural sector, namely 3.08. The agriculture, forestry and fishery sectors of West Sulawesi have production that is far from being accomplished. The national capital has the lowest competitiveness in the farming and mining industries. Nevertheless, DKI Jakarta has competition in the financial and insurance services market, the real estate sector, the corporate services industry and other service sectors. The delivery of sectors that have advantages in and in the region has also been distinguished.

Keywords: *Inequality, Location Quotient, Development*

RESEARCH HIGHLIGHTS

The most prevalent method for reducing deprivation, raising living conditions and rising income inequalities in developing countries is economic growth (Aneja et al., 2020), To clarify foreign exchange, there are several scientific definitions available (Benalywa et al., 2019). Both cross-country research and national qualitative assessments give compelling evidence that progress against the Millennium Development Goals must be achieved further, quickly and reliably. Existing research suggests that substantial regional variations in adiposity are growing across regions, especially in developed countries (Davillas and Jones, 2020) (Irsahd and Xin, 2017). Transition economies are described as a community of countries transitioning from planned economies to market economies (Le et al., 2019). The occupations of citizens are closely connected to different aspects of discrimination, such as income disparities, wellbeing, control, or the possibility of temporary employment. There is controversy about the theories and processes that connect occupations to these disparities (Haupt and Ebner, 2020).

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Research Objectives

This study aims to analyze sectoral inequality between provinces in Indonesia. The analytical tool used in this research is the Location quotient (LQ) analysis.

Methodology

The Location Quotient (LQ) is a way to measure the concentration of a business in a location relative to a wider geographical area. Based on job data, LQ may be used to analyze economic dependencies, where higher industry LQ suggests greater dependency on that sector compared to other areas in the wider geographic region (Smith et al., 2019). Provided a series of methods to create a complex position quotient (LQ) models-based regional competitiveness index (Banerjee et al., 2020). LQ value greater than 1 indicates that a sector can meet local needs and has the potential to be exported outside the region. Besides that,

the LQ value of more than 1 is also an indication that the sector has a more significant proportion compared to the average of another region.

$$LQ_{ik} = \frac{X_{ik} / X_k}{X_{in} / X_n}$$

X = sectoral added value i = sector or business field i, k = regional k, n = national.

Results

1. There are still disparities between provinces in Indonesia. In addition, DKI Jakarta as the nation's capital is still the center of economic activity and has a centrality of excellence by having 11 superior sectors. Some provinces that do not have the advantage

2. LQ value in agriculture, forestry, and fisheries in almost all provinces has an LQ value> 1. This sector shows that Indonesia is a country that is still dependent on the agricultural sector. West Sulawesi is a province with the largest LQ value for this sector which is 3.0799. This means that West Sulawesi's agriculture, forestry and fisheries sectors have much higher production than all Indonesia's other provinces' average output.

3. The sector that experiences high inequality in Indonesia is for the Electricity and Gas Procurement sector. This is because in Indonesia only Banten Province and Lampung Province have competitiveness compared to other provinces.

4. DKI Jakarta is a province that has the highest competitiveness for four sectors, namely the Financial Services and Insurance sector (2.7767), Real Estate (2.2920), Company Services (4,5077), and Other services (2.2042).

Findings

The number of provinces that have competitive advantages from table 1 is only 19 out of 34 provinces in Indonesia. This shows that there are still disparities between provinces in Indonesia. In addition, DKI Jakarta as the nation's capital is still the center of economic activity and has a centrality of excellence by having 11 superior sectors. Some provinces that do not have the advantage of a single sector are North Sumatra, West Sumatra, South Sumatra, Bengkulu, Lampung, Bangka Belitung and Jambi on the island of Sumatra.

Acknowledgement

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A b s t r a c t

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R e s e a r c h   H i g h l i g h t s

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M e t h o d o l o g y

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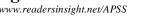
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