

STUDY OF BASIC ECONOMIC SECTOR DEVELOPMENT WITH EXPORT ORIENTED PRE-EMINENT COMMODITIES IN SOUTHEAST SULAWESI PROVINCE

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Abstract -This research activity will be conducted as an effort to assist the government of Southeast Sulawesi Province in solving economic problems based on the efforts of economic growth improvement that can be achieved through identification of economic sectors including in basic economic category.

This research aims to: (1) study and analyze economic sectors as the basic sectors in Southeast Sulawesi. (2). Study and analyze the economic sector development with pre-eminent commodities in Southeast Sulawesi province. (3) Study and analyze the pre-eminent commodities with export opportunity pre-eminence in Southeast Sulawesi. This research used Location Quotient (LQ) analysis and RCA (Revealed Comparative Advantage) analysis. This research is expected to be able to show that basic economic sector study can identify development of existing economic sectors in some regions so that dominant potency of leading economic sector can be developed into export commodity. Since study of basic economic sectors can improve economic growth and contribute in a large amount on Gross Regional Domestic Production (GRDP) of each region.

Results of the research show that (1). Identification of some economic sectors consisting of agricultural, forestry and fishery sector, mining and quarrying sector, manufacturing industry sector, electricity and gas procurement sector, water supply sector and other economic sectors shows that most economic commodities in each regency / city in the entire Southeast Sulawesi Province can produce commodities that are in the basic category or regional pre-eminent commodities. (2) Results of the regional economy mostly come from economic sectors such as agriculture, forestry and fisheries, mining and quarrying sector with enormous potential to be developed into regional pre-eminent commodities so that they can make a significant contribution to increased regional export commodity value in Southeast Sulawesi. (3) Main commodities in various economic sectors that have export opportunities can provide a major contribution to national export value but have not shown regional comparative advantages, because the regional export commodity value is still dominated by export commodities from the mining sector.

Index Terms : Basic Economic Sector, Pre-eminent Commodities, Export Opportunity

1 INTRODUCTION

Regional economic development is a process in which regional government and the society manage resources to create work fields to stimulate regional economic growth. In order to implement the development, the government of the Republic of Indonesia sets out development policies in the National Medium-Term Development Plan (RPJMN, 2015-2019) whose goal is to strengthen overall development in various fields including competitiveness of economy based on superiority of resources. Based on the direction of the RPJMN policy, the government of Southeast Sulawesi Province also sets up Regional Medium Development Plan (RPJMD, 2013-2018) so that it can improve its economic growth in order to improve public economic level through increased pre-eminent commodity with export opportunity-based economic sector in Southeast Sulawesi.

During the period of 2010 - 2015 there was economic growth in Southeast Sulawesi except for 2014 which faced a slowdown compared to the previous years. This was a result

of enactment of the Mining Law stating that it is necessary for manufacturing industry before export for mining products. During the period of 2010 to 2015, economic condition of Southeast Sulawesi Province could be seen from its Gross Domestic Product (GRDP) growth with an average value of 9.01%. GDP based on Constant price of economic growth in 2010 was in the range of 8.22% which continued to grow until 2011 by 8.96 percent while in 2012 it still grew by 10.41%. However, until 2013, there was a decline in the growth from the previous year of 7.28% and continued to face a slowdown in growth until 2014 with a value of 6.5%. (BPS. Southeast Sulawesi in Figures 2015).

During the period of 2010 - 2015, the economic growth in Southeast Sulawesi was still largely supported by agricultural sector. Nevertheless, contribution of the agricultural sector kept decreasing during this period. Distribution of Southeast Sulawesi GRDP percentage according to business field on the basis of constant 2010 prices from the agriculture, forestry and

fisheries sector in 2011 was 26.24% then in 2012 it decreased by 25.20%, in 2013 by 25.47 percent and back up slightly with a value of 25.64 percent. Then, it was followed by the contribution of the mining and quarrying sector in 2011 of 19.91% which continued to increase with a value of 22.98% and then declined again in 2013 with a value of 21.93% and continued to face a slowdown in 2014 with a value of 20, 14%. (Source: BPS Southeast Sulawesi, 2015)

Although the agricultural sector has decreased contribution to economic growth, this sector is still the mainstay sector forming the Southeast Sulawesi economy. Therefore, the agricultural sector still has to be prioritized to be developed to produce pre-eminent commodities with export opportunities. Based on the value of pre-eminent commodities in Southeast Sulawesi Province, it can be seen from volume and value of exports according to the types of commodities as the basic sectors of commodities consist only of mineral fuels, iron and steel, metal ore, slag and ash and fish and shrimp in 2012 with a volume of 26,541,027.05 with a value of \$ US 106,058,994,000. This export value continues to increase significantly so that in 2013 the export volume of mineral fuels, iron and steel, metal ore, slag and ash and fish and shrimp was 32,086,631.63 with a decreased value by US \$ 97,589,138,000.

Although Southeast Sulawesi's export commodities are still limited to some commodities as mentioned above, its contribution to Southeast Sulawesi economy is quite important. This can be seen from the contribution of the export sector to GRDP in the fourth ranks after household sector expenditures, the contribution of import values, government expenditure and gross capital formation. Contribution of the household consumption expenditure sector for the period of 2010 to 2015 has an average value of 50.12%. Then, it was followed by the contribution of import value with an average value of 33.79%, government expenditure and capital formation with an average value of 31.21%. While the contribution of the export value was 29.85%. This means that there is a great opportunity for the local government of Southeast Sulawesi Province to continue to develop the superior potential of various commodities to become export commodities in encouraging acceleration of economic growth and improving public welfare.

Various phenomena mentioned above are in order to encourage economic growth in Southeast Sulawesi and are seen as the efforts to accelerate the development in order to achieve public welfare in general, it is necessary for study on various pre-eminent commodities in various regions in Southeast Sulawesi which have the potential to become export commodities of Southeast Sulawesi Province.

2 LITERATURE STUDY

2.1 Economic Development Concept

Definition of economic development used as the guideline in this study is defined as a process creating population real income per capita of a society to increase in the long run (Sukirno, 2013). Indonesia as a rich country of natural resources (SDA), it is necessary to formulate a policy strategy to realize three national development goals (triple bottom line) simultaneously namely high and sustainable economic growth, equitable distribution of public welfare, and preserva-

tion of environment and SDA (Hudiyanto, 2013).

According to (Yuliadi, 2009), to realize the national development goals, it is necessary to formulate development policies in order to increase productivity and economic efficiency in a sustainable manner.

Economic development is seen as a multidimensional process including all aspects and comprehensive policies both economically and non-economically, (Quintero, James Paul, 2007). Development of economic sectors in each region in Indonesia must be adjusted to each region potential and priorities, so that the overall development is one whole unit in order to realize national development (Choirullah, 2007).

According to (Sri Subandi and Arif Rahman Hakim, 2009) it is necessary to develop agricultural sector because by expanding this sector, it is expected to encourage other economic sectors. Linkage analysis can be determined in a decent sector to be a leading sector in spurring economic growth (Daryanto and Hafizrianda, 2010).

2.2 Economic Growth Concept

Sukirno (2008) revealed that economic growth is an economic development of activities leading to increased public goods and services produced so that it will increase public welfare. Basically, economic growth is an increase in aggregate output (overall goods and services produced by economic activity) or Gross Domestic Product (GDP). According to Sukirno (2013), economic growth and development have different meanings. Economic growth is the process of increasing per capita output continuously in the long run. Measurements in a country economy are Gross Domestic Product (GDP).

GDP measures the flow of income and expenditure in the economy aspect over a period of time. Economic growth is related to the process of increased goods and service production in public economic activities. To measure the economic growth, GDP value is based on constant prices (GDP Rill) so that the resulting growth rate is real growth by increased production (Mankiw, 2007).

2.3 International Trade Concept

Issue on the international trade is one issue that is not only interesting but also complicated. It is interesting since it has great influences on the economy of a country. It is complicated since the policy does not only involve one country but multi-countries. (Baldwin, 2013a).

Economic assets or state capital can be clearly represented by the amount of capital (valuable minerals, especially gold and other commodities) owned by the state and this amount can be increased by increasing exports and preventing (as much as possible) imports so that there will always be positive trade balance with other countries. Baldwin (2013b) provided a sharp analysis related to the development of current issues by seeing at the globalization of world trade. This also provides influences on how to conduct analysis in the process of evaluating policy influences in the field of world trade (Quintero, James Paul, 2007).

2.4 Factors influencing on a product export performance or a country export

As explained earlier, export is one of the sources of economic

growth and will further create jobs. Increased exports will lead to increased national welfare. Many factors influence on export performance of a product or export of a country. Summarizing results of the study by Tulus TH Tambunan, (2011), this study groups any factors that influence on the exports into two groups. The first group is factors originating from domestic market basically including (i) industrial capacity, (ii) prices in domestic market, (iii) exchange rates, and (iv) various policies related to changes in production costs, distribution and trade. Saturn. (2008).

The second group is the originating from international market basically dividing into (i) prices in international market and (ii) policies relating to multilateral / WTO agreements influencing on market access and international trade costs, (Sumiharjo, Tumar , 2008). According to (Nazara, 2009) basically each sector does not stand alone but it is interrelated. A sector progress will not be separated from the support provided by other sectors so that actually, relatedness of these sectors can be utilized to advance all sectors in the economy aspect.

2.5 Previous Researches

Previous researches as this study reference taken from some research empirical study are as follow:

1. Sri Subanti and Arif Rahman Hakim , 2009. Entitled "Regional Economy of Southeast Sulawesi Province, Basic Sector Approach and Input Output Analysis". Results of the study found that; (1) agriculture, construction, transportation and communication sectors and service sectors are the basic sectors in Southeast Sulawesi. (2) Electricity, gas, water and sector financing sectors have a positive value in the mix industry and regional shifts. While the agricultural sector and service sector can be categorized in the slow growth sector and the high competing sector. (3) Mining sector has the highest output multiplier. (4) Agricultural sector and trade, hotel and restaurant sector have more than one linkage index. (5) mining sector, agricultural sector, agricultural sector, hotels and restaurants have more than one linkage index as well. (6) Agricultural sector and trade, hotel and restaurant sector are the main sectors in Southeast Sulawesi Province.
2. Azhar Bafadal, Entitled "Analysis of Agricultural Basic Sector For Regional Economic Development". Results of the research found out that plantation commodities serve as the basic sectors in 6 Development Areas in Kolaka Regency, namely cacao, and in vegetable group, there are shallots and chili. Whereas for the basic group of fruits, there are mangoes, oranges and pineapples. The basic commodities of livestock group are pigs, free-range chickens, duck eggs and ducks.
3. Rizky Firmansyah, 2013. Entitled "Analysis of Economic Leading Sector Determination Using Analytical Hierarchy Process (AHP) and Shift Share Methods On Economic Growth (A Study in Malang City)". Results of the research found out that leading sector serves more role in improvement of economic growth.
4. Afrendi Hari Tristanto, 2013. Entitled "Analysis of Leading Sector in Economic Potency Development in Blitar City". Results of the research found out leading economic sectors have enormous potency to be developed to encourage re-

gional economic progress.

5. Agus Tri Basuki and Utari Gayatri, 2009. "Determining Leading Sector in Regional Development: A Case Study in Ogan Komering Ilir Regency. Results of the research found out leading sectors can be developed to produce some commodities so that it can be traded in any regions even overseas to contribute in regional development.

3 RESEARCH METHOD

3.1 Research Location

The research activity on the study of basic economic sector development with export-oriented commodities, is planned to be implemented in all regencies / cities throughout Southeast Sulawesi. There are 5 regencies and cities that are considered to have high export commodities in the fields of agriculture, forestry and fisheries and mining and quarrying in Southeast Sulawesi to be used as research locations, namely Kendari City, Bau-bau City, Muna Regency, Kolaka Regency and Bombana Regency.

3.2 Data Collection Techniques

Data collection techniques in this research are divided into 2 ways, namely:

1. Primary Data primer,
2. Primary data collection is conducted through :
 - a. Questionnaires namely by distributing list of questions with stakeholders (related institutions and business actors) in pre-eminent commodity production activities that can be exported in each observation area.
 - b. Interview, namely direct coordination with any involved parties in the export commodity process to record information accurately in each observation area.
 - c. Focus group discussions (FGD) is to hold meetings between relevant agencies and parties involved in production, distribution and trading activities of various pre-eminent export commodities in the observation area.
 - d. Secondary Data
 - e. Secondary data collection is conducted by recording publication data and going to all relevant agencies to collect all data according to the needs such as (BPS of Southeast Sulawesi Province, Regency / City Government, Agriculture, Forestry and Fisheries Agency as well as Mining and Excavation Agency).

3.3 Data Analysis Method

In determining the economic sectors having export orientation, there are some analysis techniques to be used, namely:

1 Location Quotient (LQ)

Location Quotient (LQ) is an index comparing commodity per sector with target of total activity in total activities. In other words, LQ is defined as percentage ratio from total commodity activity in Ith sub region on percentage of total activities in the observed region.

The formula of LQ (Azhar Bafadal, 2014) is :

$$LQ = \frac{X_{ij} / X_i}{X_{in} / X_n}$$

Which:

- X_{ij} = the number of I sector commodity production in *j* regency area
- X_i = total production of per sector production commodity in *i* province area
- X_{in} = the number of I sector production in *n* national area
- X_n = the number of total production of economic sector in *n* national level.

2 Revealed Comparative Advantage (RCA):

This index thinking framework is the export performance of a country that is largely determined by competitiveness level of similar products from other countries (substitution and complementary). It is used the assumptions that other factors influencing on the export growth are remain unchanged.

Definition of this index is that if the market share of one or a group of commodities in a country has greater total exports than the export value of the same commodity as a percentage of total exports on the world market (Gracia-Penalosa, Cecilia and Stephen J. Turnovsky , 2004). Mathematically, it is formulated as follows:

$$RCA_{ai} \text{ index} = (X_{ai} / X_{at}) / (W_i / W_t) \dots\dots\dots (1)$$

Which:

- X_{ai} is the export value of *i* goods from country *a*
 - X_{at} is the total export value (*i* goods and others) from country *a*
 - W_i is the total export value of *i* goods in world market
 - W_t is the total export value in world market
- RCA idenx value is ranging from 0 (zero) and bigger than 0 (zero). Bigger than one (1) means that the concerned country or region has comparative superiority than other countries or regions.

4 RESULTS AND DISCUSSION

4.1 Analysis of Economic Sectors As the Basic Sectors

This research activity is conducted by data analysis based on field data obtained from research objects to provide exact description of economic sectors as the basic sector to be used as the guidance of export-oriented pre-eminent commodity development in each regency and city as the research objects in Southeast Sulawesi Province region. Based on data analysis using LQ (Location Quotient) index, it is obtained the economic sectors including as basic and non-basic category. Results of economic sector data analysis including in basic category in some regencies or cities as the research objects are as follow:

A Data Analysis of Kendari City Economic Sector

Kendari city is an autonomous region, also as the capital city of Southeast Sulawesi Province. As an autonomous region, Kendari City also manages its own government. As other autonomous regions, Kendari City has economic sectors such as agriculture, forestry and fisheries, mining and quarrying sector, manufacturing industry sector, electricity and gas procurement, and other sectors.

Results of the analysis using the Location Quotiation (LQ) index are found that in Kendari City generally the leading sectors are found in the secondary sector such as the manufacturing industry, electricity and gas procurement, water procurement, waste management, waste and recycling, as well as wholesale and retail, car and motorcycle repairs. Besides the secondary sector, the leading sector is also found in tertiary sectors such as accommodation and food supply, financial services and insurance, real estate, corporate services, educational services, health and social services, and other services. Whereas the primary sectors, namely agriculture, forestry and fishery sector are excluded as the leading sector. Results of this analysis are obtained using GRDP data at a constant price. The complete conditions can be seen in Table 4.1 as follows.

Table 4.1: Processing data results of economic sector Location Quotien (LQ) based on classification of basic and non- basic category in Kendari City.

No	Economic sectors	Years					Mean	Category classification
		2013	2014	2015	2016	2017		
1	Agriculture, Forestry and Fishery	0.44	0.45	0.45	0.44	0.43	0.44	Non-base
2	Mining and quarrying	0.10	0.09	0.09	0.09	0.10	0.09	Non-base
3	Manufacturing industry	1.39	1.44	1.55	1.60	1.64	1.52	Base
4	Electricity and gas procurement	2.71	2.70	2.86	2.84	2.82	2.79	Base
5	Water procurement, garbage, waste management and recycle	1.57	1.54	1.57	1.56	1.52	1.55	Base
6	Construction	1.41	1.50	1.60	1.59	1.52	1.52	Base
7	Wholesale and retailer; Car and motorcycle Repairs	1.46	1.46	1.44	1.40	1.35	1.42	Base
8	Transportation and Warehouse	2.20	2.17	2.15	2.11	2.10	2.15	Base
9	Accommodation and foods supply	2.21	2.24	2.37	2.36	2.24	2.28	Base
10	Information and communication	3.52	3.56	3.59	3.51	3.40	3.52	Base
11	Financial and Insurance service	2.95	3.00	2.94	2.83	2.73	2.89	Base
12	Real Estate	1.44	1.39	1.41	1.60	1.28	1.43	Base
13	Corporate service	3.97	3.97	4.11	4.11	4.01	4.03	Base
14	Administration, Government, Defense and Social Insurance	0.91	0.92	0.94	0.92	0.89	0.91	Non-base
15	Education Service	1.44	1.46	1.55	1.60	1.52	1.51	Base
16	Health and Social Activity Service	1.08	1.10	1.15	1.11	1.06	1.10	Base
17	Other services	1.11	1.13	1.27	1.29	1.28	1.21	Base

Source: processed secondary data

Based on the analysis results in Table 5.1 above, it shows that the majority of basic economic sector that can be developed into a leading sector are except for agriculture, forestry and fisheries, mining and excavation, administration, government, defense and social security sectors. But the most potential to be developed into a leading sector is corporate service sector.

B Data Analysis of Bau Bau City Economic Sector

Baubau City is also an autonomous region with economic sectors such as agriculture, forestry and fisheries, mining and quarrying sector, manufacturing industry sector, electricity and gas procurement and other sectors. The basic sectors in Bau Bau City are electricity and gas procurement sector, water procurement sector, waste management, waste and recycling, construction sector, wholesale and retail sector; car and mo-

torcycle repair, transportation and warehousing sector, accommodation and food supply sector, Information and Communication sector, Financial Services and Insurance sector, administration sector, government, defense and social security, education services sector, health services sector and social activities sector and other services. This detailed data can be seen in Table 4.2 as follows.

Table 4.2 Processing data results of economic sector *Location Quotient (LQ)* based on basic and non-basic category classification in Bau Bau city.

No	Economic sectors	Years					Mean	Category classification
		2013	2014	2015	2016	2017		
1	Agriculture, Forestry and Fishery	0.56	0.57	0.58	0.57	0.57	0.57	Non-base
2	Mining and quarrying	0.66	0.19	0.19	0.19	0.22	0.20	Non-base
3	Manufacturing industry	0.21	0.67	0.70	0.70	0.70	0.69	Non-base
4	Electricity and gas procurement	1.59	1.57	1.57	1.55	1.51	1.56	Base
5	Water procurement, garbage, waste management and recycle	1.60	1.70	1.74	0.56	1.67	1.45	Base
6	Construction	1.72	1.74	1.79	1.80	1.66	1.74	Base
7	Wholesale and retailer, Car and motorcycle Repairs	1.49	1.50	1.57	1.56	1.52	1.53	Base
8	Transportation and Warehouse	1.32	1.32	1.32	1.30	1.29	1.31	Base
9	Accommodation and foods supply	1.96	1.21	2.25	2.24	2.19	2.17	Base
10	Information and communication	1.91	1.98	1.99	1.94	1.89	1.94	Base
11	Financial and Insurance service	1.42	1.40	1.35	1.31	1.31	1.36	Base
12	Real Estate	1.78	1.80	1.88	1.98	1.89	1.87	Base
13	Corporate service	0.82	0.84	0.84	0.82	0.79	0.82	Non-base
14	Administration, Government, Defense and Social Insurance	1.57	1.62	1.66	1.65	1.60	1.62	Base
15	Education Service	1.48	1.56	1.59	1.57	1.50	1.54	Base
16	Health and Social Activity Service	1.25	1.32	1.34	1.34	1.27	1.30	Base
17	Other services	2.44	2.59	2.64	2.63	2.50	2.56	Base

Source: processed secondary data

Based on the analysis results in Table 4.2 above, it shows that most economic sectors that can be developed into the basic sector are except for agriculture, forestry and fisheries, mining and quarrying, manufacturing industry sector and corporate service sector. But the most potential that can be developed into a leading sector is accommodation supply and other service sectors.

C Data Analysis of Kolaka Regency Economic Sector

Description of the leading sector in Kolaka Regency can also use Location Quotient (LQ) analysis. From the analysis results, it is obtained the results that only mining sector and manufacturing sector are the basic sector, while other sectors including agriculture, forestry and fisheries sectors are excluded in the leading sectors. These detailed data can be seen in Table 4.3 as follows.

Table 4.3 Processing data results of economic sector *Location Quotient (LQ)* based on basic and non-basic category classification in Kolaka regency.

No	Economic sectors	Years					Mean	Category classification
		2013	2014	2015	2016	2017		
1	Agriculture, Forestry and Fishery	0.78	0.75	0.72	0.50	0.52	0.66	Non-base
2	Mining and quarrying	2.07	2.02	2.02	2.32	2.38	2.16	Base
3	Manufacturing industry	1.90	1.77	1.58	1.66	1.62	1.71	Base
4	Electricity and gas procurement	0.45	0.43	0.40	0.37	0.39	0.41	Non-base
5	Water procurement, garbage, waste management and recycle							

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Based on the analysis results in table 4.3 above, it shows that most economic sectors are in the non-basic sector except for mining and quarrying sector and manufacturing sector. However, it still has to strive to develop other economic sectors to become a basic sector in sustaining economic activities in Kolaka Regency. Mining and quarrying sector contributes the highest contribution to GRDP from 2013 to 2017 as a basic economic sector with a LQ value of 2.16. Then, it is followed by manufacturing industry sector with an LQ value of 1.71 so that both sectors are the leading economic sector in Kolaka Regency.

This description is very relevant because Kolaka is very well known for its mining and quarrying sector. Kolaka Regency has a mining and energy sector, especially mineral content with very high economic value, such as nickel ore, marble, onix, quartz sand, black granite, magnesite, limestone and gold. Seeing the enormous potential, it is not surprising that this sector serves as the leading sector in Kolaka Regency. This sector is produced not only to meet community needs but it is also exported to other regions and even becomes one of the national export commodities. The intended commodity is nickel commodity. Because of the large amount of mineral content on this one, in Kolaka Regency there has been a large company that specializes in processing nickel, namely PT. ANTAM, Tbk.

D Data Analysis of Muna Regency Economic Sector

As other regions, to identify the potential economic sectors in Muna Regency, it is used the Location Quotient analysis tools (LQ). The economic sector basic is the most potential sector to be developed and can encourage the economic growth in Muna Regency, but the local government must not forget or override other non-basic sectors. The government must continue to pay attention to and spur the non-basic sector to continue to grow optimally, by paying attention to and providing maximum budget-paid support so that the basic sector can develop better and continue. With this, it will certainly affect the growth of the non-basic sector and can become a new basic sector that can increase growth and economic development in Muna Regency, details about this can be seen in table 5.4 as

follows.

Table 4.4 Processing data results of economic sector Location Quotient (LQ) based on basic and non-basic category classification in Muna Regency.

No	Economic sectors	Years					Mean	Category classification
		2013	2014	2015	2016	2017		
1	Agriculture, Forestry and Fishery	1.21	1.27	1.33	1.33	1.30	1.29	Base
2	Mining and quarrying	0.47	0.44	0.42	0.42	0.48	0.44	Non-base
3	Manufacturing industry	0.68	0.71	0.77	0.80	0.80	0.75	Non-base
4	Electricity and gas procurement	0.84	0.91	0.93	0.92	0.89	0.90	Non-base
5	Water procurement, garbage, waste management and recycle	1.16	1.23	1.25	1.25	1.21	1.22	Base
6	Construction	1.10	1.10	1.12	1.11	1.05	1.09	Base
7	Wholesale and retailer; Car and motorcycle Repairs	0.96	0.99	1.01	1.01	0.98	0.99	Non-base
8	Transportation and Warehouse	0.65	0.65	0.65	0.66	0.64	0.65	Non-base
9	Accommodation and foods supply	0.74	0.72	0.73	0.73	0.70	0.72	Non-base
10	Information and communication	0.56	0.58	0.58	0.59	0.57	0.58	Non-base
11	Financial and Insurance service	0.89	0.83	0.81	0.73	0.71	0.79	Non-base
12	Real Estate	1.40	1.46	1.50	1.56	1.42	1.47	Base
13	Corporate service	0.29	0.30	0.31	0.30	0.29	0.30	Non-base
14	Administration, Government, Defense and Social Insurance	1.63	1.69	1.76	1.77	1.68	1.71	Base
15	Education Service	1.36	1.40	1.45	1.47	1.40	1.42	Base
16	Health and Social Activity Service	1.48	1.52	1.57	1.59	1.52	1.54	Base
17	Other services	1.61	1.63	1.65	1.65	1.62	1.63	Base

Source : processed secondary data

Based on the analysis results in Table 5.4 above, it shows that the basic sector with high contribution in the economy sector is administration, government and social security sectors, health services sector and social activities, real estate sector while others are in the non-basic economic sectors. From the table above, it can be seen that in Muna Regency, there were 8 (eight) basic sectors and 9 (nine) non-basic sectors. The basic sectors are agriculture, forestry and water supply, waste management, waste and recycling, construction, real estate, administration, government, defense and guarantees, services, health services and social activities and other services. Out of the 8 (eight) sectors above, 7 (seven) of them are sectors that can meet regional needs and even have the potential to export to other regions, while one (1) other basic sector, namely construction sector can only meet the needs of their own regions and cannot export to other regions.

Seeing at the basic sector above, Muna Regency also has 9 (nine) non-basic sectors. The non-basic sectors are mining and quarrying sector, manufacturing industry, electricity and water supply, wholesale and retail trade; repair of cars and motorbikes, transportation and warehousing, accommodation and food supply for drinking, information and communication, financial and insurance services, and corporate services. The nine sectors are totally unable to produce maximally in meeting the needs of Muna Regency and even importing from outside the area.

E Data Analysis of Bombana Regency Economic Sector

To be able to find out or determine the potential of leading economic sector in Bombana Regency, Location Quotiation (LQ) analysis is used to determine whether the economic sector is a basic or non-basic sector. This technique is used to identify area internal potential, namely the basic sector or the sector that has the potential for export and non basic sector as the sector that can only meet regional needs and has the po-

tential to export or even in the non-basic sector it can import into other regions.

Basic sector of the economic sector in Bombana Regency is the most potential sector to be developed and can encourage economic growth in Bombana Regency. However, by many non-basic sectors mentioned above, the local government must provide any measures in the form of regulations to be able to encourage sustainable development of the basic sector in the form of budget utilization, investment in people's businesses, so that it can increase production. Thus, there will be better growth of non-basic sectors. details about the results of Location Quotiation (LQ) analysis can be seen in table 4.5 as follows.

Table 4.5 Processing data results of economic sector Location Quotient (LQ) based on basic and non-basic category classification in Bombana Regency

No	Economic sectors	Years					Mean	Category classification
		2013	2014	2015	2016	2017		
1	Agriculture, Forestry and Fishery	1.21	1.22	1.24	1.25	1.23	1.23	Base
2	Mining and quarrying	1.52	1.45	1.34	1.36	1.43	1.42	Base
3	Manufacturing industry	0.89	0.92	0.95	0.95	0.93	0.93	Non-base
4	Electricity and gas procurement	0.29	0.29	0.28	0.27	0.27	0.28	Non-base
5	Water procurement, garbage, waste management and recycle	0.62	0.64	0.64	0.63	0.63	0.64	Non-base
6	Construction	0.64	0.65	0.65	0.64	0.64	0.65	Non-base
7	Wholesale and retailer; Car and motorcycle Repairs	1.02	0.99	1.02	1.02	1.0	1.01	Base
8	Transportation and Warehouse	0.14	0.14	0.13	0.14	0.14	0.14	Non-base
9	Accommodation and foods supply	0.74	0.68	0.69	0.68	0.96	0.69	Non-base
10	Information and communication	0.39	0.40	0.39	0.38	0.38	0.39	Non-base
11	Financial and Insurance service	0.30	0.33	0.42	0.40	0.41	0.37	Non-base
12	Real Estate	0.88	0.92	0.93	0.89	0.91	0.92	Non-base
13	Corporate service	0.07	0.07	0.06	0.06	0.06	0.06	Non-base
14	Administration, Government, Defense and Social Insurance	0.73	0.74	0.75	0.74	0.72	0.74	Non-base
15	Education Service	0.92	0.90	0.90	0.89	0.98	0.90	Non-base
16	Health and Social Activity Service	0.86	0.85	0.81	0.81	0.82	0.83	Non-base
17	Other services	0.31	0.31	0.31	0.31	0.31	0.31	Non-base

Source : processed secondary data

Based on the analysis results in Table 5.5 above, it shows that Bombana Regency only has 3 (three) basic sectors and 14 (fourteen) non-basic sectors. The three basic sectors are agriculture, forestry and fisheries, mining and excavation and wholesale and retail; car and motorcycle repair. Out of the three basic sectors above, both other sectors namely wholesale and retail sector as well as car and motorcycle repairs can only meet the needs of the region itself and does not have the potential to export to other regions. The above situation shows that these two commodities have important meaning in meeting the needs of Muna community. Therefore, it is necessary for both commodities to be given more attention in its development efforts. Thus, these two commodities can become pre-eminent commodities.

4.2 Results of Revealed Comparative Advantage (RCA) Analysis

This index analysis is used to measure a group of certain products that can be exported by Southeast Sulawesi Province for the past 15 years. This shows the export performance of the Southeast Sulawesi region and shows this region competitiveness towards pre-eminent commodity products produced at

the national level.

This RCA index value shows that the market share of the regional commodity of Southeast Sulawesi Province in national exports is seen as a percentage of the total exports produced by Indonesian.

4.3 Estimation of Export Commodity Improvement on Regional Economic Growth

Estimation of regional economic development is using a benchmark for export commodity development towards GRDP growth in Southeast Sulawesi over the past 15 (fifteen) years, namely from 2013 to 2017. For this estimation, a multiple regression analysis is carried out with a simple linear regression model using SPSS data program. The data used is the regional export value recorded at loading / unloading port of export goods in Southeast Sulawesi Province including Pomala Port, Kendari Port and Bau-Bau Port. The regional export value of Southeast Sulawesi Province from 2003 to 2017 tends to fluctuate with an average export value of US \$ 431.76 million. Regional export value has increased from 2003 to 2008, however, in 2009 the regional export value decreased by 40.26%. In 2010 to 2012, the regional exports again increased dramatically due to the high demand for export commodities from abroad.

But starting in 2013 until 2017 the regional export values have decreased again due to the implementation of Law of Mineral and Coal by the government which prohibits delivery of exported mining commodities without processing. Fluctuations in the development of these export commodity values influence on the regional economic growth, which also tends to face fluctuation during the periods of 2003 to 2017.

		Coefficients(a)				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Error Std.	Beta		
1	(Constant)	.725	.017		42.545	.000
	Export Value	.176	.003	.998	59.883	.000

a. Dependent Variable: GRDB_Growth

Based on the data processing results above, it can give the following explanation:

1. R^2 (*R-Square*) value of 0,996 shows the amount of X (Export value) direct effects on Y (GRDB) 99,6% so that other variable effects are not described in the model, namely by 0,6%
2. R (correlation coefficient value) value by 0,998 shows that the closeness of direct relationship between X (export value) on Y (GDP growth) is 99.8%. This relationship is classified as statistically very strong, as stated by Sugiono (1999: 216)
3. Constant numbers (β_0) of 0.725 with a significance value of 0.000 which means smaller than the value $\alpha = 0.05$ can be interpreted that statistically the constant value (β_0) is significantly different from zero ($\beta_0 \neq 0$). Therefore, the constant value ($\beta_0 = 0.725$) can be included in the regression model.
4. Significance value of $T_{sig} = 0,000$ which means that (T_{sig}

$0,000 < 0,05$), then statistically the regional export value variable (X1) partially gives significant effects on GDP growth (Y) at the 95% confidence level.

5. On this basis, the regression model produced as an explanatory model of the effect of increasing regional exports on regional economic growth in Southeast Sulawesi Province can be stated as follows

$$Y = 0,725 + 0,176X + 0,003$$

In which:

- Y = Growth of GRDB
- X = Regional Export value
- β_0 = Intercept (constant value)
- β_1 = 0,176

Based on the results of regression equation above, we can know the amount of regional export increase effects on economic growth in Southeast Sulawesi Province, it can be seen that:

$\beta_0 = 0.725$ means that regional economic growth tends to increase by 0.725% assuming that regional export values remain (constant).

$\beta_1 = 0.176$ means that if the regional export value increases by one unit, the GRDP growth also increases by 0.176%.

The results of the regression analysis above show that increased regional export value plays an important role in order to be able to encourage economic growth in Southeast Sulawesi Province. Increased regional export value can be done by developing each regency / city economic potential in Southeast Sulawesi for all economic sectors, especially economic commodities including in the category of regional pre-eminent commodities to be developed into regional export commodities.

5 CONCLUSION AND RECOMMENDATION

5.1 Conclusion

Based on the study of increased regional export commodity importance in the context of economic improvement as described in the results of data analysis and discussion description, then it can give some conclusion follows:

1. Identification results of several economic sectors consisting of agriculture, forestry and fisheries, mining and quarrying sector, manufacturing industry sector, electricity and gas procurement sector, water supply sector and other economic sectors shows that most economic commodities in each regency / city in the entire Southeast Sulawesi Province regions can produce commodities in the basic category or regional pre-eminent commodities.
2. Most regional economy results from economic sectors such as agriculture, forestry and fisheries, mining and quarrying sector have enormous potential to be developed into regional pre-eminent commodities so that it can provide a meaningful contribution to increase in export commodity value in Sulawesi Southeast.
3. Regional pre-eminent commodities distributed in some economic sectors have export opportunities that can provide a major contribution to export value nationally but have not shown regional advantage comparative, since the

export value of regional commodities is still dominated by export commodities from mining sector.

5.2 Recommendations

Based on the conclusion above, then there are some recommendations for the sake of regional economic growth as follows:

1. Developing regional pre-eminent commodities as the main basis for regional governments in developing their economic potential in order to be able to improve the regional economy.
2. Encouraging rapid economic growth by increasing regional export value from various basic economic sectors so that the results of regional pre-eminent commodities can become export commodities, not just exports to other regions in the Southeast Sulawesi Province.
3. pre-eminent commodities with export opportunity can answer global challenges with competitive regional business competition in producing pre-eminent commodities with international standard, not only being regional pre-eminent commodities in national standard.

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