

UDC 332

## ANALYSIS OF LEADING SECTORS IN BULELENG REGENCY OF INDONESIA

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### ABSTRACT

The development of potential sectors will spur other sectors to develop to influence the increase in prosperity in Buleleng Regency. This study used a quantitative approach with nonparticipant observational data collection methods. The variables used were the economic sectors in the GDP and the GDP growth rate in Buleleng Regency according to the economic sectors in 2017-2021. The results of the Location Quotient (LQ) analysis show that the economic sectors included in the base sector in Buleleng Regency for the period 2017-2021 were agriculture, forestry, and fisheries, mining and quarrying, large and retail trade, real estate, educational services, and other services. Meanwhile, based on the Dynamic Location Quotient (DLQ) analysis, the agricultural, forestry, and fisheries sectors, large trade and retail, and other services are not expected to be the base sector in the future. Nevertheless, the Overlay analysis shows that at this time, the mining and quarrying sectors, as well as large trade and retail have dominant economic growth and comparative advantages over other sectors. Therefore, the mining and quarrying sectors are included in the criteria for the first development priorities in the Buleleng Regency, which can be a reference in determining policies in the preparation of regional medium-term development plans in the following years.

### KEY WORDS

Development, economic growth, gross domestic product.

Gross Regional Domestic Product can be used to measure the level of economic activity that can be achieved in a given year, while economic growth is one of the essential macroeconomic indicators in measuring the success of a region's development (Yunus et al., 2021). Economic growth in Bali Province from 2015 to 2019 was still on a positive trend. But, since the Covid 19 pandemic began to hit Indonesia in early 2020, Bali's economic growth has decreased by minus 9,31 percent. This has been the worst condition of the Balinese economy in recent years. The tourism sector, which is the mainstay of Bali Province, cannot deal with the Covid 19 pandemic. Hotels, restaurants, and tourist places must be closed or even out of business because no tourists visit Bali. Here Figure 1 presents the economic growth of Bali Province from 2015 to 2020.

Bali's economic growth development in the period 2015 to 2019 was in the average range of 5,96 percent and experienced a remarkable slump in 2020 of minus 9,31 percent. The decline could not be separated from the conditions of the Covid 19 pandemic that hit the world and caused a tremendous impact on the economy in Bali Province, which still relies on the tourism sector. Meanwhile, the average unemployment rate in Bali Province from the period 2015 to 2019 was 1,49 percent but increased sharply in 2020, which was 5,63 percent (Bali Province Central Bureau of Statistics, 2021). This condition could not be separated from pandemics or disasters that cause a huge multiplier effect on the economy of Bali Province (Susila, 2016).

Post-pandemic economic recovery can be made by maximizing the economic sectors that are superior and potential in an area (Priana, 2016). The leading economy sector is a sector with high resilience and ability so that it can be used as a focus for economic development expectations (Gomez & Stair, 2017). According to Saputra et al. (2021), the superior sector is the backbone and driver of the economy, so it can also be referred to as a key sector or sector of the economic leader of a region. Thus, the superior sector is a reflection of an economic structure, so it can also be viewed as one of the aspects of the assessment or characteristics of an economy. The development of superior and potential

sectors in an area must be implemented by the government to increase the growth of the regional GDP (Sinaga, 2015).

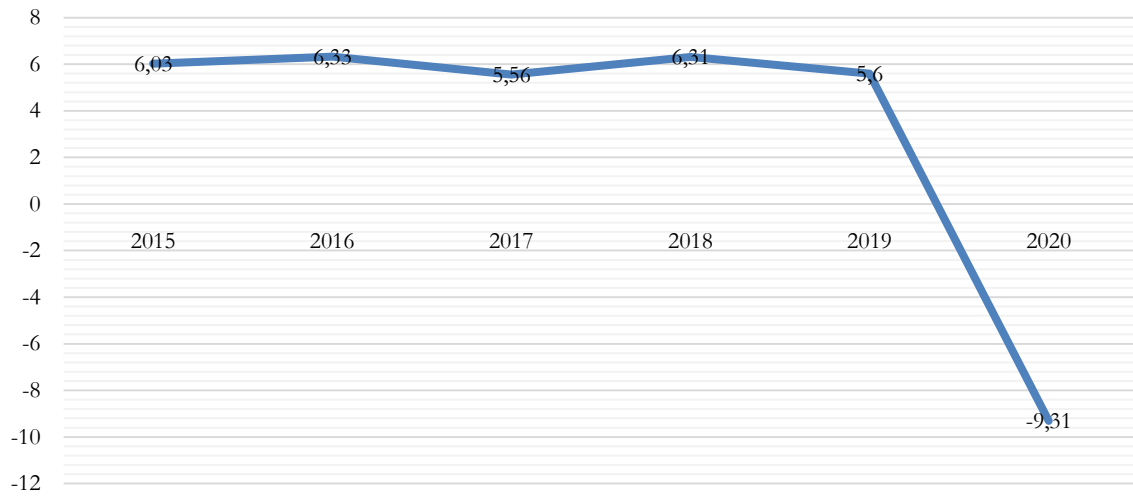


Figure 1 – Bali Provincial Economic Growth in 2015-2020  
(Source: Bali Province Central Bureau of Statistics, 2021)

Current economic policies are directed at superior economic sectors that are closely related to the interests of the wider community and related to the potential of the community, and at the same time, in accordance with local economic resources (Islam et al., 2015). According to Prats & Ramirez (2013), the role of the leading sector is increasingly strategic because it is a sector that can make a meaningful contribution to foreign exchange acquisition. Meanwhile, according to Luthfiyah & Tallo (2020), the criteria for the leading sector will vary greatly based on how much role the sector plays in the regional economy. The leading sector must have a high growth rate, a relatively large labor absorption rate, high inter-sectoral connections, and create high added value.

The growth of district/city GDP in Bali Province for the period 2015 to 2019 showed positive numbers. Badung Regency accounted for the highest average growth in the period of the year. This is indeed inseparable from tourism activities that are the main base in Badung Regency. Tourism in Badung Regency is still the main destination for foreign and local tourists. Meanwhile, Denpasar City, the capital of Bali Province, ranked second in terms of average GDP growth in the period 2015 to 2019. Table 1 presents data on the average growth of district/city GDP in Bali Province from 2015 to 2020.

Table 1 – Average Growth Rate of Regency/City GDP in Bali Province for the Period 2015-2020

| District/City | Year |      |      |      |      |        |
|---------------|------|------|------|------|------|--------|
|               | 2015 | 2016 | 2017 | 2018 | 2019 | 2020   |
| Jembrana      | 6,19 | 5,96 | 5,28 | 5,59 | 5,56 | -4,96  |
| Tabanan       | 6,19 | 6,14 | 5,37 | 5,71 | 5,59 | -6,14  |
| Badung        | 6,24 | 6,81 | 6,08 | 6,73 | 5,81 | -16,52 |
| Gianyar       | 6,30 | 6,31 | 5,46 | 6,01 | 5,61 | -8,38  |
| Klungkung     | 6,11 | 6,28 | 5,32 | 5,48 | 5,42 | -6,35  |
| Bangli        | 6,16 | 6,24 | 5,31 | 5,48 | 5,46 | -4,10  |
| Karangasem    | 6,00 | 5,92 | 5,06 | 5,44 | 5,5  | -4,45  |
| Buleleng      | 6,07 | 6,02 | 5,38 | 5,60 | 5,53 | -5,76  |
| Denpasar      | 6,14 | 6,51 | 6,05 | 6,42 | 5,82 | -9,42  |
| Bali Province | 6,03 | 6,33 | 5,56 | 6,31 | 5,60 | -9,31  |

Source: Bali Province Central Bureau of Statistics, 2021.

Based on Table 1, the average growth rate of GDP of Buleleng Regency was relatively low compared to other districts/cities in Bali Province. According to Yuda Paramartha et al.

(2017), the agricultural sector is still very dominant in the formation of GDP in Buleleng Regency, compared to other sectors, which is 43,68%. This is strongly supported by the area of rice field agricultural land of 62.680,635 hectares that exists. The large role of the agricultural sector in the contribution to the GDP of Buleleng Regency is influenced by the livelihoods of most of the population in Buleleng Regency, which is 72,51% or 537.038 people with livelihoods as farmers. In addition, based on the Bali Province Central Bureau of Statistics (2021), the total GDP of Buleleng Regency in the period 2015 to 2019 was included in the top three under Badung Regency and Denpasar City. Even in 2020, the total GDP of Buleleng Regency amounted to 22.079,61 Billion Rupiah, which showed a stable figure in the period 2015 to 2020 when compared to Badung Regency and Denpasar City, which experienced a drastic decrease due to the Covid-19 pandemic.

Gross Regional Domestic Product (GDP) is one of the macroeconomic indicators that play a role in planning, determining the direction of development, and evaluating the development results of the area (Obradović et al., 2016). According to Rahawarin (2019), GDP can be used as an indicator of the pace of sectoral economic growth so that sectors that cause changes in economic growth can be identified. The growth rate of GDP and the high amount of GDP value in Buleleng Regency did not reflect the magnitude of the growth of GDP per capita in Buleleng Regency and were further aggravated by the high open unemployment rate in Buleleng Regency (Sari & Budhi, 2013). GDP per capita is one of the benchmarks used to calculate how prosperous a region is in general. This condition causes the need for local governments to explore potential sectors and have competitiveness. The development of potential sectors will spur other sectors to develop to influence increasing prosperity in Buleleng Regency (Putra & Kartika, 2015). This research aims to analyze the leading economic sectors, potential and comparative advantages to determine development priorities in Buleleng Regency.

## **METHODS OF RESEARCH**

This research used a quantitative approach by analyzing the existing data in related agencies, book references, and journals. The data collection method used was a nonparticipant observation method. Quantitative data in this study consisted of data on the economic growth of Bali Province in 2015 to 2020, the average growth rate of District/City GDP in Bali Province in 2015 to 2020, GDP of Buleleng Regency based on constant prices 2010 according to the business sectors in 2017 to 2021, the growth rate of GDP Buleleng Regency based on constant prices 2010 according to the business sectors in 2017 to 2021. The population used was 17 business sectors contained in the GDP of Buleleng Regency from 2017 to 2021.

Location Quotient Analysis (LQ) is used to determine the extent of specialization of economic sectors in a region that utilizes the base or leading sector (Jekna Mangilaleng et al., 2015). According to Made et al. (2018), Location Quotient (LQ) calculates the ratio of sector *i* output share in cities or districts and share out sector *i* in the province. The flagship sector here means that the business sector will not be exhausted if exploited by the regional government (Jumiyanti, 2018). Location Quotient (LQ) is a simpler economic development tool with its advantages and limitations. According to Gafur et al. (2016), LQ engineering is one of the common approaches used in the base economic model as a first step to understanding the sector of activity that triggers growth. LQ measures the relative concentration or degree of specialization of economic activity through a comparative approach. LQ techniques are widely used to discuss economic conditions, leading to the identification of specialization of economic activities or measuring the relative concentration of economic activity to get an overview in the determination of superior sectors as leading sectors of industrial economic activity (Lili & Tracy, 2015). The basis of the discussion is often focused on aspects of labor and income. LQ engineering has not been able to provide final conclusions from sectors identified as strategic sectors (Yu, 2020). But for the first stage, it is enough to give an idea of the capabilities of a region in the identified sector. The mathematical formula used to compare the capabilities of the region sectors is as follows.

$$LQ = \frac{S_i/S}{N_i/N} \quad (1)$$

Where:

LQ: Location Quotient sector i in the study area;  
 Si: Large income sector i in the study area;  
 Ni: Large revenue sector i in the reference region;  
 S: Large total income in the study area;  
 N: Large total revenue in the reference region.

If the calculation results in the above formulation produce:

- LQ > 1 means the commodity becomes the basis or a source of growth. The commodity has a comparative advantage, so not only can it meet the needs of the region concerned, but it also can be exported outside the region;
- LQ = 1 means that the commodity is classified as non-base and has no comparative advantage. Its production is only enough to meet the needs of its own territory and cannot afford to be exported;
- LQ < 1 indicates that the commodity is included in non-base. The commodity production in a region cannot meet its own needs, so it needs outside supply or imports.

The role of the sector can be analyzed with Dynamic Location Quotient (DLQ) analysis. This principle is not much different from LQ, with the following equation formula (P. I. P. Putra & Yadnya, 2018).

$$DLQ = \left\{ \frac{(1+gik)/(1+gk)}{(1+Gi)/(1+G)} \right\}^t \quad (2)$$

Where:

DLQ: Dynamic Location Quotient sector i in the study area;  
 gik: Growth rate of sector i in the study area;  
 gk: Average GDP growth rate in the study area;  
 Gi: Growth rate of sector i in the reference area;  
 G: Average GDP growth rate in the reference area;  
 t: Number of years for analysis.

Criterion:

- If the DLQ value = 1 means that the growth of sector i with GDP potential study area is comparable to the reference area;
- If the DLQ value < 1 means that the growth of sector i with the GDP of the potential study area is lower than the reference area;
- If the DLQ value > 1 means that the growth of sector i with the GDP of the potential study area is faster with the reference area.

The analysis of the growth ratio model is an analysis to see a comparison of the magnitude of the increase in income of an economic sector in the scope of a small area with a larger scope of territory (Hajeri et al., 2015). This analysis model has a range of values larger, smaller or equal to one. The model in this analysis is divided into two parts.

Study Area Growth Ratio (RPs), which is a comparison of income growth in the economic sector of the study area with references.

$$RPs = \frac{\Delta Y_{ij} / Y_{ij}(t)}{\Delta Y_{in} / Y_{in}(t)} \quad (3)$$

Where:

$\Delta Y_{ij}$ : Changes in GDP sector i in the study area;  
 $Y_{ij}(t)$ : GDP sector i in the study area at the beginning of the study;  
 $\Delta Y_{in}$ : Changes in GDP sector i in the reference area;  
 $Y_{in}(t)$ : GDP sector i in the reference area at the beginning of the study;

RPs: Comparison between the growth rate of sector i revenue in the study area and the total growth rate of GDP in the reference area.

Reference Area Growth Ratio (RPr), which is a comparison between the growth rate of economic sector income in the reference area and the total growth of the reference area.

$$RPr = \frac{\Delta Y_{in}/Y_{in}(t)}{\Delta Y_n/Y_n(t)} \quad (4)$$

Where:

$\Delta Y_{in}$ : Changes in GDP sector i in the reference area;

$Y_{in}(t)$ : GDP sector i in the reference area at the beginning of the study;

$\Delta Y_n$ : GDP changes in the reference area;

$Y_n(t)$ : GDP in the reference area at the beginning of the study;

RPr: Comparison between the growth rate of revenue of the sector i in the reference area with the total growth rate (GDP) of activities in the reference area.

Overlay analysis is used to describe the potential economic activity, using growth criteria and comparative advantage criteria (Wiwekananda & Utama, 2016). There are various categories of economic sectors that have different values, including the following.

- RPs more than one and LQ ( $\geq 1$ ) means that the sector i growth is dominant and has a comparative advantage;
- RPs more than one and LQ ( $\leq 1$ ) means that the growth sector is dominant but has no comparative advantage;
- RPs less than one and LQ ( $\geq 1$ ) means that the sector i growth is low but has a comparative advantage;
- RPs less than one and LQ ( $\leq 1$ ) means that the sector i growth is low and has no comparative advantage.

## RESULTS AND DISCUSSION

Location Quotient is used to analyze the diversity of economic bases. Based on the analysis, sectors can be identified that can be developed for sector purposes and the purpose of distributing local needs. So, sectors that are said to be potential can be made a top priority sector in economic development planning (Hajeri et al., 2015). According to Made et al. (2018), the Location Quotient is an indirect approach used to measure the base performance of an area. Location Quotient analysis can be used to test sectors of the economy that belong to the leading sectors. Table 2 presents the the results of Location Quotient Analysis of Economic Sectors in Buleleng Regency in 2017 to 2021.

The base sector is the sector that is the backbone of the regional economy because it has a fairly high competitive advantage. In contrast, the non-base sector is another sector that is less potential but serves as a support for the base sector or service industries (Andhiani et al., 2018). Based on Table 2, the economic sectors that include the base sector ( $LQ > 1$ ) are agriculture, forestry, fisheries, mining and quarrying, large and retail trade, real estate, educational services, and other services. According to Wiwekananda & Utama's research (2016), in the period 2008-2013, four sectors were base sectors, namely, the agricultural, mining, and quarrying sectors, processing industries, and services. Meanwhile, according to Susila (2016), three sectors were the economic basis of the Buleleng Regency that could be prioritized to be the leading sector in 2010-2013, namely the agricultural sector, the processing industry sector, and the services sector. The research shows that in the period 2017 to 2021, there was an increase in the number of leading economic sectors in Buleleng Regency, namely the large trade and retail sectors, real estate, and education services.

Dynamic Location Quotient (DLQ) analysis is used to determine the repositioning of sectors and sub-sectors ahead in a given area. This analysis is important to use to find out whether, in the future, certain sectors and sub-sectors can survive as base sectors and sub-sectors or not and vice versa, whether sectors and sub-sectors that were not previously base

can undergo repositioning/potentially become base sectors and sub-sectors in the future (Raswita & Utama, 2013). Table 3 presents the results of the Dynamic Location Quotient Analysis of Economic Sectors in Buleleng Regency in 2017 to 2021.

Table 2 – Results of Location Quotient Analysis of Economic Sectors in Buleleng Regency in 2017-2021

| GDP Sectors  | Year |      |      |      |      | Average | Information     |
|--|------|------|------|------|------|---------|-----------------|
|  | 2017 | 2018 | 2019 | 2020 | 2021 |         |                 |
| Agriculture, Forestry, and Fisheries                                 | 1,49 | 1,48 | 1,51 | 1,45 | 1,42 | 1,47    | Base sector     |
| Mining and Quarrying   | 1,08 | 1,05 | 1,01 | 0,95 | 0,92 | 1,00    | Base sector     |
| Processing Industry  | 0,90 | 0,91 | 0,89 | 0,86 | 0,86 | 0,88    | Non-base sector |
| Electricity and Gas Procurement                                      | 0,62 | 0,65 | 0,66 | 0,71 | 0,72 | 0,67    | Non-base sector |
| Water Procurement, Waste Management, Waste and Recycling             | 0,72 | 0,73 | 0,70 | 0,67 | 0,61 | 0,69    | Non-base sector |
| Construction   | 0,89 | 0,88 | 0,89 | 0,85 | 0,84 | 0,87    | Non-base sector |
| Big Trade and Retail: Car and Motorcycle Repair                      | 1,29 | 1,31 | 1,31 | 1,27 | 1,26 | 1,29    | Base sector     |
| Transportation and Warehousing                                       | 0,17 | 0,18 | 0,18 | 0,22 | 0,25 | 0,20    | Non-base sector |
| Provision of Accommodation and Drinking Meals                        | 0,80 | 0,81 | 0,81 | 0,83 | 0,82 | 0,82    | Non-base sector |
| Information and Communication  | 1,00 | 0,99 | 0,98 | 0,94 | 0,93 | 0,97    | Non-base sector |
| Financial Services and Insurance                                     | 1,02 | 1,03 | 1,02 | 0,97 | 0,95 | 1,00    | Non-base sector |
| Real Estate  | 1,11 | 1,12 | 1,10 | 1,06 | 1,05 | 1,09    | Base sector     |
| Company Services   | 0,61 | 0,61 | 0,61 | 0,58 | 0,57 | 0,60    | Non-base sector |
| Administration of Government, Defense and Compulsory Social Security | 1,01 | 1,01 | 1,00 | 0,97 | 0,97 | 0,99    | Non-base sector |
| Educational Services   | 1,40 | 1,39 | 1,36 | 1,31 | 1,31 | 1,35    | Base sector     |
| Health Services and Social Activities                                | 0,96 | 0,93 | 0,95 | 0,90 | 0,89 | 0,93    | Non-base sector |
| Other services   | 1,14 | 1,10 | 1,08 | 1,04 | 1,04 | 1,08    | Base sector     |

Source: Bali Province Central Bureau of Statistics, 2022 (Data processed).

Table 3 – Results of Dynamic Location Quotient Analysis of Economic Sectors in Buleleng Regency in 2017-2021

| GDP Sectors   | Year  |      |       |        |        | Average | Information           |
|---|-------|------|-------|--------|--------|---------|-----------------------|
|   | 2017  | 2018 | 2019  | 2020   | 2021   |         |                       |
| Agriculture, Forestry, and Fisheries                                  | 1,04  | 0,82 | 1,51  | -51,19 | 1,80   | -9,21   | Non Potential Sectors |
| Mining and Quarrying  | 11,85 | 3,07 | 18,69 | 2,80   | -10,18 | 5,25    | Potential Sectors     |
| Processing Industry   | 2,24  | 1,11 | 0,75  | 1,76   | 15,45  | 4,26    | Potential Sectors     |
| Electricity and Gas Procurement                                       | 0,79  | 2,48 | 1,51  | 0,73   | 1,93   | 1,49    | Potential Sectors     |
| Water Procurement, Waste Management, Waste and Recycling              | 1,74  | 1,10 | 0,52  | -0,39  | 24,74  | 5,54    | Potential Sectors     |
| Construction  | 0,74  | 0,90 | 1,21  | 3,19   | 13,12  | 3,83    | Potential Sectors     |
| Big Trade and Retail: Car and Motorcycle Repair                       | 0,93  | 1,24 | 1,02  | 1,64   | -9,35  | -0,90   | Non Potential Sectors |
| Transportation and Warehousing  | 0,78  | 1,10 | 1,26  | 0,67   | 1,81   | 1,12    | Potential Sectors     |
| Provision of Accommodation and Drinking Meals                         | 1,11  | 1,28 | 1,00  | 1,44   | 6,96   | 2,36    | Potential Sectors     |
| Information and Communication   | 1,16  | 1,00 | 0,83  | 1,72   | 6,70   | 2,28    | Potential Sectors     |
| Financial Services and Insurance                                      | 1,15  | 1,13 | 0,87  | 2,04   | 10,87  | 3,21    | Potential Sectors     |
| Real Estate   | 1,23  | 1,08 | 0,75  | 1,83   | 9,82   | 2,94    | Potential Sectors     |
| Company Services  | 0,93  | 0,86 | 1,17  | 2,24   | 6,86   | 2,41    | Potential Sectors     |
| Administration of Government, Defense, and Compulsory Social Security | 3,15  | 0,85 | 0,80  | 6,88   | 11,44  | 4,63    | Potential Sectors     |
| Educational Services  | 1,26  | 0,93 | 0,70  | 0,92   | 10,90  | 2,94    | Potential Sectors     |
| Health Services and Social Activities                                 | 0,83  | 0,74 | 1,20  | 1,37   | 6,77   | 2,18    | Potential Sectors     |
| Other services  | 1,01  | 0,63 | 0,76  | 1,66   | -2,47  | 0,32    | Non Potential Sectors |

Source: Bali Province Central Bureau of Statistics, 2022 (Data processed).

Table 3 shows that the agricultural, forestry, fisheries sectors, large trade, and retail, and other services are not expected to be the base sectors in the future because they have  $DLQ < 1$  values. In the period 2017 to 2021, there are potential sectors to be developed in Buleleng Regency in the future, including mining and quarrying, processing industry,

electricity and gas procurement, water procurement, waste management, waste management, waste and recycling, construction, transportation and warehousing, provision of accommodation and drinking meals, information and communication, financial and insurance services, real estate, corporate services, government administration, defense and compulsory social security, educational services, health services, and social activities. This shows that there is a shift in economic activity that affects society. The Covid-19 pandemic can be one of the causes of the shift. The multiplier effect caused by tourism in Bali Province has decreased, causing other economic activities to decline.

Measurement of growth criteria and criteria for economic sectors that have a comparative advantage is done using Overlay analysis (Sutrisno, 2012). This Overlay analysis compares the Study Area Growth Ratio (RPs) value and the Location Quotient (LQ) value. Table 4 presents the results of the Overlay Analysis of Economic Sectors in Buleleng Regency in 2017 to 2021.

Table 4 – Results of Overlay Analysis of Economic Sectors in Buleleng Regency in 2017-2021

| GDP Sectors  | RPs   | LQ   | Information  |
|--|-------|------|--|
| Agriculture, Forestry, and Fisheries                                 | 0,87  | 1,47 | Growth is low and has a comparative advantage      |
| Mining and Quarrying   | 2,32  | 1,00 | Growth is dominant and has a comparative advantage |
| Processing Industry  | 0,90  | 0,88 | Growth is low and has no comparative advantage     |
| Electricity and Gas Procurement                                      | -0,16 | 0,67 | Growth is low and has no comparative advantage     |
| Water Procurement, Waste Management, Waste and Recycling             | -2,50 | 0,69 | Growth is low and has no comparative advantage     |
| Construction   | 0,91  | 0,87 | Growth is low and has no comparative advantage     |
| Big Trade and Retail: Car and Motorcycle Repair                      | 1,35  | 1,29 | Growth is dominant and has a comparative advantage |
| Transportation and Warehousing                                       | 0,20  | 0,20 | Growth is low and has no comparative advantage     |
| Provision of Accommodation and Drinking Meals                        | 0,82  | 0,82 | Growth is low and has no comparative advantage     |
| Information and Communication  | 0,89  | 0,97 | Growth is low and has no comparative advantage     |
| Financial Services and Insurance                                     | -0,39 | 1,00 | Growth is low and has a comparative advantage      |
| Real Estate  | 0,90  | 1,09 | Growth is low and has a comparative advantage      |
| Company Services   | 0,56  | 0,60 | Growth is low and has no comparative advantage     |
| Administration of Government, Defense and Compulsory Social Security | 0,97  | 0,99 | Growth is low and has no comparative advantage     |
| Educational Services   | 0,81  | 1,35 | Growth is low and has a comparative advantage      |
| Health Services and Social Activities                                | 0,88  | 0,93 | Growth is low and has no comparative advantage     |
| Other services   | 0,37  | 1,08 | Growth is low and has a comparative advantage      |

Source: Bali Province Central Bureau of Statistics, 2022 (Data processed).

Economic sectors with a Study Area Growth Ratio (RPs) and a Location Quotient (LQ) value greater than one indicate that the activity has a dominant economic growth and comparative advantage. Based on Table 4, these sectors include mining and quarrying, as well as large trade and retail. Regional development policies in improving the economy in Buleleng Regency during the Covid-19 pandemic can be prioritized in two sectors, namely mining and quarrying, as well as large trade and retail, because these two sectors play an essential role in generating income. In addition, the two sectors as base sectors are also expected to increase economic growth in Buleleng Regency.

Regional development priorities are a set of priority programs specifically related to achieving regional development goals, the level of urgency, and leverage for improving regional development performance. Development priorities are formulated by evaluating regional development problems connected with regional development programs (Ovicha Naibaho et al., 2020). The criteria used to determine development priorities in this study are location quotient (LQ), Dynamic Location Quotient (DLQ), Reference Area Growth Ratio (RPr), and Study Area Growth Ratio (RPs). Table 5 shows development priorities in Buleleng Regency.

Based on Table 5, the mining and quarrying sector was included in the criteria for the first development priority in Buleleng Regency in the period 2017 to 2021 because it had more than one LQ, DLQ, RPr, and RPs value. The results of this study can be a reference in

determining policies in the preparation of the Regional Medium-Term Development Plan (RPJMD) in the following years.

Table 5 – Development Priorities in Buleleng Regency

| GDP Sectors  | LQ   | DLQ   | RPr    | RPs   | Information                 |
|--|------|-------|--------|-------|-----------------------------|
| Agriculture, Forestry, and Fisheries                                 | 1,47 | -9,21 | -10,33 | 0,87  | Third development priority  |
| Mining and Quarrying   | 1,00 | 5,25  | 10,77  | 2,32  | First development priority  |
| Processing Industry  | 0,88 | 4,26  | -7,77  | 0,90  | Third development priority  |
| Electricity and Gas Procurement                                      | 0,67 | 1,49  | 21,19  | -0,16 | Second development priority |
| Water Procurement, Waste Management, Waste and Recycling             | 0,69 | 5,54  | -4,78  | -2,50 | Third development priority  |
| Construction   | 0,87 | 3,83  | -19,01 | 0,91  | Third development priority  |
| Big Trade and Retail: Car and Motorcycle Repair                      | 1,29 | -0,90 | -8,10  | 1,35  | Second development priority |
| Transportation and Warehousing                                       | 0,20 | 1,12  | 51,49  | 0,20  | Second development priority |
| Provision of Accommodation and Drinking Meals                        | 0,82 | 2,36  | 36,88  | 0,82  | Second development priority |
| Information and Communication  | 0,97 | 2,28  | -35,19 | 0,89  | Third development priority  |
| Financial Services and Insurance                                     | 1,00 | 3,21  | -3,28  | -0,39 | Second development priority |
| Real Estate  | 1,09 | 2,94  | -15,35 | 0,90  | Second development priority |
| Company Services   | 0,60 | 2,41  | -6,41  | 0,56  | Third development priority  |
| Administration of Government, Defense and Compulsory Social Security | 0,99 | 4,63  | -12,13 | 0,97  | Third development priority  |
| Educational Services   | 1,35 | 2,94  | -16,94 | 0,81  | Second development priority |
| Health Services and Social Activities                                | 0,93 | 2,18  | -34,26 | 0,88  | Third development priority  |
| Other services   | 1,08 | 0,32  | -9,42  | 0,37  | Third development priority  |

Source: Bali Province Central Bureau of Statistics, 2022 (Data processed).

Regional development priorities are an annual local government development agenda that is a milestone in heading toward the RPJMD's 5 (five) annual goals. Regional development priorities basically include the government flagship program, which is the highest realization for achieving the regional development target year plan. Development priorities can also be categorized as operational regional strategic objectives based on the urgency of leverage on the welfare and scope of its development.

## CONCLUSION

Based on the results of research conducted through approaches to the GDP sectors in Buleleng Regency in 2017 to 2021 with Location Quotient (LQ), Dynamic Location Quotient (DLQ), Growth Ratio Model (MRP), and Overlay, it can be concluded that the economic sectors included in base or superior sectors in Buleleng Regency are agriculture, forestry, and fisheries, mining and quarrying, large trade and retail, real estate, educational services, and other services. Improving facilities and infrastructure or infrastructure that supports the development of the agricultural sector can be done by increasing investment in the sector, such as technology updates in agriculture so that the agricultural sector remains the leading sector in Buleleng Regency in the future.

The government should pay attention to and increase budget access for potential sectors to facilitate the economy in Buleleng Regency. Providing the right budget to potential economic sectors will directly have a positive impact on the growth of other sectors. In the period 2017 to 2021, there are potential sectors to be developed in Buleleng Regency in the future, including mining and quarrying, processing industry, electricity and gas procurement, water procurement, waste management, waste management, waste and recycling, construction, transportation and warehousing, provision of accommodation and drinking meals, information and communication, financial and insurance services, real estate, corporate services, government administration, defense and compulsory social security, educational services, health services, and social activities.

Economic sectors with dominant economic growth and comparative advantages in Buleleng Regency include mining and quarrying, as well as large trade and retail. So, in general, the mining and quarrying sector was included in the criteria for the first development



priority in Buleleng Regency in the period 2017 to 2021 because, based on the results of the analysis, the sector had a value of LQ, DLQ, RPr, and RPs of more than one. The strategic industrial development programs related to development priorities in Buleleng Regency that can be carried out include the participation of capital entirely by the government in certain strategic industries, the establishment of joint ventures between the government and the private sector in strategic industrial development, renegotiating ownership of strategic industries owned by national or foreign private sectors, and assessing the potential of strategic industries that need to be developed in Buleleng Regency.

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