

CHAPTER I

INTRODUCTION

A. Research background

Regional autonomy is the delegation of authority and responsibilities from the central government to regional governments. Before the implementation of regional autonomy, all regional governments in Indonesia simply accepted all programs from the central government so that there was a uniformity of programs in each region.

Since the existence of law No.32 of 1999 concerning regional autonomy and effective came into force on May 7, 2001. Local governments are given the authority to regulate their own regions because local governments are considered to be more aware of their regional needs and development compared to the central government. With this authority, the development and prosperity of an area is more the responsibility of the region itself. Differences in regional conditions carry the implication that the pattern of development applied is also different. The total pattern of policies that have been implemented and succeeded in one region may not necessarily provide the same benefits for other regions. The main problem in regional development lies in the emphasis on development policies based on the specific characteristics of the area concerned by using the potential of human resources, natural resources owned by the region concerned (Khusaini, 2006).

One of the goals of development is to increase economic growth, with high economic growth will be felt by the wider community. Economic growth is a growth rate that is formed from various economic sectors which illustrates the level of economic growth that occurs. An area is seen experiencing prosperity growth in society if the income per capita according to constant prices has increased. Important indicators to determine the economic condition of an area in a given period are shown by the Gross

Regional Domestic Product (GRDP) of the region. Basic principles of economics in the

Qur'an :

هُوَ الَّذِي جَعَلَ لَكُمُ الْأَرْضَ ضَنْدُلُو لَأَقَامَشُوا فِي مَنَآكِبِهَا وَكُلُوا مِنْ رِزْقِهِ وَإِلَيْهَا تُنْشَرُونَ

It is He who made the earth tame for you – so walk among its slopes and eat of His provision – and to Him is the resurrection. (Al-Mulk 67:15). The above verse explains that humans may or have the right to manage the wealth entrusted to them. God really makes it easy for anyone who wants to manage it. In connection with this verse, al-Qurthubî says that the command contained in the word ف in the verse contains the command of ibahah (can).

هُوَ الَّذِي خَلَقَكُمْ مِمَّا فِى الْأَرْضِ ضَجْمِيْعًا ثُمَّ أَسْتَوَىٰ بِاللَّيْلِ السَّمَا ءِ فَسَوَّىٰ لَهَا سَبْعَ سَمَاوَاتٍ وَهُوَ بِكُلِّ شَيْءٍ عَلِيمٌ

He it is Who created for you all that is in the earth. Then turned He to the heaven , and fashioned it as seven heavens. And He is knower of all things. (Al-baqarah 2:29).

Sayyid Qutb understands the substance of this verse explain that God created the whole of being exist on this earth for human life. With thus human existence on earth hasa very big role, namely utilizing natural resources that have been prepared. 24 Views areal-Wâhidî also stated the same purpose the principal created by heaven and earth is to bring benefits to human earthly life and religious life. Mushthafâ al-Marâghî and Muhammad 'Abduh explain the meaning of the verse in more detail that this earth was created for human use in two ways: (1) Utilizing the produce for the necessities of physical life, for example processing results the earth becomes food for sustaining life and human life; (2) Making nature as a vehicle for giving birth to various theories and concepts related to science observing the various views above is enough understood that the creation of this earth was for managed and utilized by humans to fulfill their survival and development. The statement above is quite reasonable because one of the functions and position of humans is *asmusta'mir*, besides its position as *mustakhlif* Sayyid 'sāyid, 'sāyid

Tulang Bawang regency is one of the regencies in Lampung Province that has economic growth as illustrated in the Gross Regional Domestic Product (GRDP) indicator as follows :

Table 1.1
GRDP Tulang Bawang Regency at constant prices
According to Business Field (Million rupiah), 2013-2017

Business Field	GRDP Tulang Bawang Regency at Constant Prices according to Business field (Million Rupiah), 2013-2017				
	2013	2014	2015	2016	2017
Agriculture, Forestry and Fisheries	5.007.892	5.251.814	5.432.425	5.575.242	5.686.308
Mining and Excavation	103.785	113.608	127.129	138.351	152.156
Processing Industry	2.246.726	2.431.166	2.619.784	2.818.347	3.058.558
Electricity and gas procurement	12.382	14.279	14.544	16.184	17.114
Water Supply, Rubbish Management	5.275	5.552	5.690	5.945	6.362

, Waste and recycling					
Construction	1.023.153	1.067.047	1.087.048	1.205.316	1.338.629
Wholesale and retail trade; car and motorcycle repair.	1.269.306	1.345.973	1.410.372	1.472.799	1.559.986
transportation and warehousing	386.628	419.903	468.633	503.999	537.352

Source : Central Bureau of Statistics

GRDP which reflects the rate of economic growth can be seen in the data of economic sectors based on business fields which include agriculture, forestry and fisheries, mining and quarrying sector, manufacturing industry sector, electricity and gas procurement sector, clean water supply sector, rubbish management, waste and recycling, construction sector, wholesale and retail trade sector; car and motorcycle repair, transportation and warehousing sector, accommodation and food and beverage supply sector, information and communication sector, financial and insurance services sector, real estate sector, company service sector, government administration sector, defense, and mandatory social security, service sector education, the health service sector and social activities, and other service sectors. The dominant sector has the highest position in the economic structure and will be a characteristic of a regional economy.

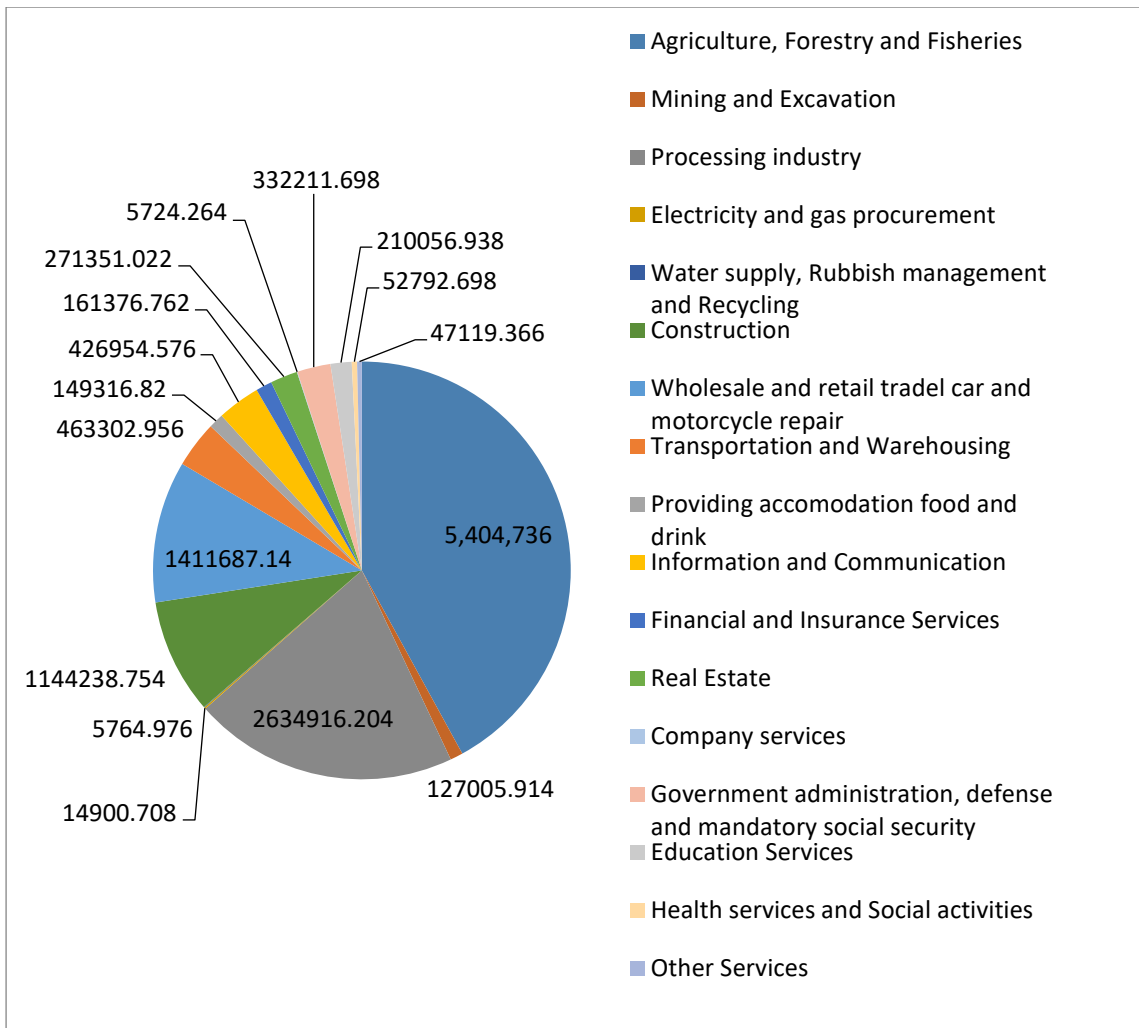


Figure 1.1. The GRDP of Tulang Bawang Regency

Source : Central Bureau of Statistics (BPS)

The average Gross Regional Domestic Product according to Business Fields Based on 2010 Constant Prices from 2013-2017 in Tulang Bawang regency always increases (see figure 1.1). The highest average GRDP value is the Agriculture, Forestry and Fisheries sector (5,686 trillion rupiah in 2017).

The rate of economic growth of one region is certainly different from the rate of economic growth of other regions as well as the pattern of growth. It will be different from one region to another. The best step in an effort to increase regional income is to rely on the ability of the region itself to explore the existing economic potential in its

area. Moreover, by using the right economic policies in its management improve the income effectively, without taking into account the potential of each region, regional income and development will not achieve results optimal. Regional economic potential is an economic capability that exists in the area that might be developed so that it will continue to develop into a source of life for local people and can even help the regional economy as a whole to develop on its own and sustainably (Soeparmoko, 2002).

Tulang Bawang Regency is the result of the division of Tulang Bawang regency which was divided into 3 new autonomous regions, namely Mesuji Regency, Autonomous Region, West Tulang Bawang Regency and Tulang Bawang Autonomous Region. Tulang Bawang Regency as one of the autonomous regions, has an authority to organize government and development, has the authority to manage, plan and utilize the economic potential optimally, which can be enjoyed by all people in Tulang Bawang Regency.

The ever-increasing GRDP is a positive indicator of economic growth and is a reflection of a better level of community income in the area. The contribution or role of the economic sector shows the economic:

Table 1.2
Contribution of Economic Sectors in Tulang Bawang Regency

Business Field	Contribution of Economic Sectors in TulangBawang Regency				
	2013	2014	2015	2016	2017
Agriculture, Forestry and Fisheries	43,93%	43,05%	42,40%	41,28%	39,93%
Mining and Excavation	0,90%	0,93%	0,99%	1,02%	1,07%

Processing Industry	19,44%	19,93%	20,45%	20,87%	21,48%
Electricity and gas procurement	0,11%	0,12%	0,11%	0,12%	0,12%
Water Supply, Rubbish Management, Waste and recycling	0,05%	0,05%	0,04%	0,04%	0,04%
Construction	8,85%	8,75%	8,48%	8,92%	9,40%
Wholesale and retail trade; car and motorcycle repair.	10,98%	11,03%	11,01%	10,91%	10,95%
transportation and warehousing	3,34%	3,44%	3,66%	3,73%	3,77%
Providing food and drink accommodation	1,09%	1,11%	1,17%	1,20%	1,23%
Information and Communication	3,07%	3,18%	3,28%	3,43%	3,58%
Financial and Insurance Services	1,29%	1,29%	1,22%	1,25%	1,23%
Real Estate	2,02%	2,07%	2,09%	2,16%	2,18%
Company services	0,04%	0,04%	0,05%	0,05%	0,05%
Government administration, defense and mandatory social security	2,60%	2,65%	2,62%	2,54%	2,52%
Education services	1,55%	1,61%	1,65%	1,68%	1,67%
Health services and social activities	0,39%	0,40%	0,41%	0,42%	0,42%
Other services	0,36%	0,36%	0,37%	0,37%	0,38%
Total	100,00%	100,00%	100,00%	100,00%	100,00%

Source : Central Bureau of Statistics (BPS)

Based on table 1.2 it is known that in 2017, the business sector in Tulang Bawang regency that gave the biggest contribution to the formation of GRDP was the Agriculture, Forestry and Fisheries sector (39,93%), then followed by the processing industry business sector (19,53%), Wholesale and Retail Trade; Car and Motorcycle Repair (14,72%), Construction (10,01%), then the fields of Government Administration, Mandatory Defense and Social Security (3,33%), Provision of Accommodation and Food and Beverage (2,98%), Real Estate (2,70%) and Education Services (1,37%). While the role of other business fields each under one percent.

To develop economic growth as seen from the GRDP development, it is every necessary to develop economic which refers to the superior sector. This will have an impact on accelerating economic growth and on fundamental changes in the structure of the regional economy. According to Fachrurazy (2009), the benefits of knowing leading sectors, which are able to provide an indication for the economy nationally and regionally. Leading sector is certain to have greater potential to grow faster than other sector in an area, especially the supporting factors towards the superior sector, namely capital accumulation, growth of absorbed workforce and technological progress. The creation of investment opportunities can be done by empowering the potential of leading sectors owned by the region concerned. The resources owned by each region are diverse, so that makes a region increasingly challenged to show what the local commodity or superior product.

Basically, the development of an area can be carried out by developing the existing potential. One of them is by developing superior sectors in the area. The development of superior products will spur economic actors in an area to produce more

actively. In connection with the development of these products, the superior products of a region must first be known. In this study, basically it will determine the superior products in Tulang Bawang Regency. To find out, an analysis must be done. The superior products owned by this regency will not only be traded in this area but also in other regions. From the background of the problems outlined above, the authors are interested in conducting a study entitled “Analysis of Leading Products in Tulang Bawang Regency” and this is a very important matter in making policy strategies related to the direction and implementation of regional development so that it influences fundamental changes in the economic structure of Tulang Bawang Regency in the future.

Some researchers have used the Location Quotient (LQ) method, Shift-Share Analysis method and Typology Klassen method: Disparities across regions and province are on the agenda of both developed and developing countries. Differences in terms of development and income between regions are becoming more important policy challenge particularly in developing countries. As a developing country inter-regional disparities are seen intensively at east-west direction in Turkey. In recent years with the process of harmonization with the European Union policies, inter-regional disparities problem and regional development policy issues came to the fore in Turkey. As method of the study; in order to determine the basic and leading sectors of regional economy, location quotient technique will be used. Then shift-share analysis utilize as to determine the competitive areas/sectors of the region of the region and to see economic projection of region. Finally findings and results of the two analyses will be compared and regional economic policy will be developed in the light of the findings. The findings showed that the regions has a rapidly growing economy depend on agriculture,

construction, mining, transportation and storage and human health sectors and also for manufacturing industry food products, textiles, non-metallic products (Deniz, 2011).

Elburz and Korten (2012) through the paper with an aim as to measured and evaluated the regional economic performance in Turkey in order to ensure the preparation of appropriate regional policies for regional sectoral and economic performances. In this way, information about region's economic activities and sectoral structure will be provided for the policy makers. In this study, Shift-share analysis is chosen from the traditional tools for measuring and evaluating regional economic performance. In Shift-share analysis, the change in employment is partitioned into three components measuring the influence of national share, industrial mix, and regional shift.

Economic systems is dynamic entities and the nature and consequence of the changes that occur in this systems are of considerable importance since they can affect the welfare of individuals as well as the political and social structure of that community. The objective of this works is to know what has been the behaviour of the economy of the state of tabasco from 2003 to 2013, to determine what effects the application of an economic policy has on the different production, activities, as well as their impact on socioeconomy groups. The research approach is quantitative because the data collection and analysis was carried out in accordance with certain logical rules that are established the models that analyze the behavior and composition of the regional economic structure and its impact on the development of the region and results offers a summary of the behavior of the economic activities carried out in the state if tabasco during a given period, and starting from this historical framework it is possible to implement an analysis location coefficient and the traditional shift-share technique, used for estimating the degrees of specialization for the different sectors, showing the effects of

the national growth by activity according to the state activities and the levels of efficiency in the regional structure (Prats and Ramirez, 2018).

Hakim, Nurmalina and Putri (2019) through the paper with an aims to analyze patterns of economic growth and island cluster inequality in Maluku Province during the period 2010-2016. The data in this study are secondary data using quantitative descriptive methods and analytical typology analysis tools and their index. The results showed that the VIII-IX island cluster which was classified as cluster groups was Tual City, Southeast Maluku Regency and Aru Islands Regency. The with the hinterland area. Southern Maluku as a development area is classified as developed and fast-growing where Tual City is a center growth but has a very high inequality compared to Maluku in the northern region.

The primary objective of this paper is to provide an empirical investigation of the geographic concentration of the main industries in South Africa by means of comparing four selected provinces. This paper focuses on two economic base techniques, namely the location quotient and shift-share analysis that both seek to examine industrial advantages (disadvantages), structure and competitiveness. The key findings indicate that the comparative advantage declined in different industries. A worrying industry is mining in Mpumalanga and Limpopo provinces. Where there is a remarkable decline in LQs and, thus, these industries need intensive care. In term of shift-share analysis, regional competitiveness factors were the largest positive contributor in two industries in KwaZulu Natal, three in Guateng and Mpumalanga and four in Limpopo province. Considering the state of employment in the primary sector (agriculture and mining), the results suggest that policy makers should keep accelerating the construction of large and medium sized industrial enterprises, promoting and encouraging the development

of secondary industry, and actively enhance the development of the tertiary industry in the north eastern region of South Africa (Niyimbanira, 2018).

B. Limitation of the Problems

The Problem that will be discussed in the research is the sector that has the potential to contribute to development in the Tulang Bawang Regency by examining the Gross Regional Domestic Product (GRDP in 2013-2017).

C. Formulation of the Problems

Based on the background, the formulation of the problem in this study, namely :

1. Which sectors are potential and have prominent growth and act as both a base and a non-base sector?
2. What sectors have a big influence and are the leading sectors on the development of GRDP in Tulang Bawang Regency?

D. Research Purposes

1. To analyze the potential sector and has a prominent growth and role as base and non-base sectors.
2. To analyze which sector has a major and superior contribution to the development of GRDP in Tulang Bawang Regency.

E. Research Benefits

1. As a reference material for researchers who will examine things related to this research.
2. As input and information for local government for regional development planning in Tulang Bawang Regency.

3. As information to further study the use of various resources in the community for the development of the Tulang Bawang Regency.
4. In addition to the scientific insights and knowledge of writers in scientific disciplines that the author elaborates.