

Planning Study of Local Economic Development Potential in East Lampung Regency

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Abstract

East Lampung district included in the category of regions whose economies are still based on agriculture. Although the contribution of the agricultural sector is dominant in the formation of GDP, but the sector has not been able to increase the acceleration of the growth of other economic sectors, and provides a multiplied effect is relatively small. To optimize the role of each sector of the economy, the necessary planning of local economic development potential based on local resources. The aim of this study are (1). Identifying and mapping sectors base has a multiplied effect on the growth of other economic sectors, (2). Measuring changes in the contribution of each sector of the economy, and (3). Planning local economic development potential. This study used quantitative research method. Research found that based on the results of the analysis of LQ, which became the basic sector in the economy of East Lampung district for the period of 2010 to 2014 consists of three sectors, namely Agriculture, Mining and quarrying and Trade Sector, Hotels and Restaurants. Based on the shift share analysis, increased absorption of the workforce more in tune by the development of Agriculture, Mining and Quarrying Sector and Trade Sector, Hotels and Restaurants. Sedangkan sectors that are considered to have low competitiveness which is indicated by a minus sign in the shift differential was Mining and Quarrying Sector Electricity, Gas and Water, Building Sector, Transport and Communication Sector, Financial Sector, Real Estate and Business Services as well Notably, services. Klassen typology, sector categories entered in Quadrant I is Agriculture and Trade Sector, Hotels and Restaurants; Sectors included in Quadrant II is the Mining and Quarrying sector; and the sectors included in Quadrant IV is the Manufacturing Sector, Sector Electricity, Gas and Water, Construction Sector, Transportation and Communication Sector and Financial Sector, Real Estate and Business Services. In order to plan the development of the economic potential of East Lampung, needs to optimize the potential of Agriculture, Mining and quarrying and Sectors Trade, Hotel and Restaurant, in order to obtain productivity and high added value and positive impact in driving the growth of other economic sectors.

Keywords: Location Quotion, Shift Share, Tipologi Klassen, Local Economic Development

Received 22 April 2016; Accepted 07 September 2016

1. Research Background

East Lampung district economy in the last five years are still in dominance of the agricultural sector, as the sector is the largest contributor to the GDP (non-oil) 58.23%, followed by trade, hotels and restaurants (21.28%), and manufacturing industries (8.27%). This percentage reflects the magnitude of the role of each sector in the economy of East Lampung district and can be used to show the structure of the local economy [1].

On the other hand, East Lampung economy as reflected in the GDP without oil and gas experienced a slowdown in growth. Where East Lampung's economy in 2014 grew by 5.32 per cent, lower sixteen basis points from growth in 2013. Along with growth slowing in the economy's total Lampung Timur, almost the entire category has experienced a slowing economy, except some economic categories. Category farms, ranches and farms as one of the

major economic categories grew 4.16 percent in 2014, better than the growth in 2013, which grew by 3.79 percent. The services category is a category of economic enterprise that has the highest growth compared to other categories, the category grew by 13.97 per cent [2].

East Lampung regency in the category of regions whose economies are still based on agriculture and other raw materials. However, the dominance of the agricultural sector has not been able to boost the acceleration of growth in the industrial sector, so that the products do not have added value (value added) optimally for improving the welfare of society. It required the planning of local economic development potential by sector basis, and changes in economic structures built on synergy between strategic stakeholders.

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DOI: 10.21752/sjppi-ukm/ses/a07092016

2. Economic Development Planning

The formulation of any development strategy must consider a number of basic conditions. Stages of development are obviously very important. In very poor countries that are highly dependent on agriculture for self-sufficiency to a cash economy underdeveloped / developed and natural resources or finances are limited, less likely to be able to formulate a plan of multi-sector complex. In contrast to countries rich and prosperous with a thriving trade in economic, agricultural and mining, may be expected to initiate changes to the industrialization develop the skills and resources necessary for their realization. In connection with the formulation of development strategies, the major debate that emerged, especially in the early days of development planning revolves around the question of whether priority should be given to the development of agriculture or industrial development. For countries that depend on traditional agriculture with low productivity, the priority given to developing efficient modern industrial sector in order to become a dynamic economy that can support the process of industrialization [3].

3. Local Economic Development

According to UN Habitat: Local economic development encourages public, private and civil society sectors to establish partnerships and collaboratively find local solutions to common economic challenges. The LED process seeks to empower local participants to effectively utilise business enterprise, labour, capital and other local resources to achieve local priorities (e.g., to promote quality jobs, reduce poverty, generate municipal taxes). LED practitioners have many actions available to them. For LED to be successful, participants and practitioners should have knowledge of these actions and be committed to a process to achieve sustainable results. A LED strategy is a process-oriented and non-prescriptive endeavour incorporating: (1). Local values (poverty reduction, basic needs, local jobs, integrating social and environmental values); (2). Economic drivers (value-added resource use, local skills training, local income retention, regional co-operation); and development (the role of structural change, quality of development) [4].

It should be emphasized that the enabling environment is by definition different for each community. Further in respect to understanding the enabling environment and bringing this understanding into account when defining individual LED strategies and actions it should be pointed out that the enabling environment is itself comprised of dynamic attributes; and, its relative impact/influence on individual LED realities and prospects is variable over time. By way of example, governments are continually adding, modifying and/or removing various rules and regulations that have an impact on LED.

Such legislation might be enabling in one instance but may over some period of time be amended or removed. The enabling environment is concurrently changed with the

result that it becomes more enabling (or possibly more restrictive) and by implication the LED effort should be adjusted accordingly. Further, certain components of the enabling environment over time might become less or more critical within the development process. By way of example, industrial development, sector or plant specific priorities and needs (e.g. workforce skills, market access, and capital markets) are known to change according to the industrial lifecycle; therefore, a documented strength within the local enabling environment may be more/less significant over time [5].

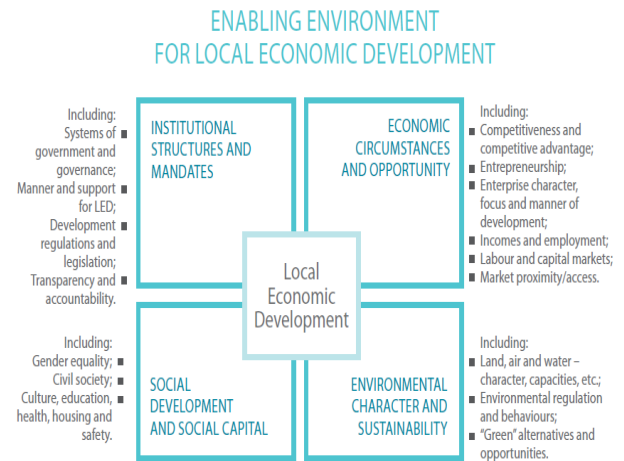


Figure 1. Enabling Environment For LED

The key to success for local economic development is through the development of local potentials which have high competitiveness. In addition, local economic development also involves the direct participation of local communities in developing economies. At this point, economic development is done by empowering local communities. In the words of Ramukumba et al [6] local economic development is a strategy for fostering national economy on sector basis which is different from what is owned in other places. Local economic development in South Africa is described as an innovative development strategy to cope with delayed development and reduce unemployment by involving local communities [7].

4. Research Method

The study used quantitative research method. Data were collected through Statistics Bureau of Lampung Timur (BPS) [1] and Statistics Bureau of Lampung Province from 2010 until 2014. To analyse data used LQ, Klassen Tipology and Shift Share Approach.

5. Result

The analysis showed East Lampung district has three base sectors, namely agriculture, mining and quarrying as well as hotel and restaurant trade. Mining and quarrying by LQ average of 5.39 so that this sector is a sector basis with the largest average index. This means that the mining and quarrying sector can meet the needs of East Lampung district and the remaining 4.39 can meet the needs of outdoor areas. The agricultural sector is the sector with the second largest base LQ index average of 1.19. The agricultural sector can meet the needs of East Lampung district and 0.19 the rest can meet the needs of outdoor areas. The third largest sector basis is trade, hotel and restaurant has LQ average of 1.10.

LQ value of these sectors illustrates that the sector has a significant economic strength and influence on economic growth in East Lampung regency. These three sectors have been able to meet the needs in their own areas even potentially for export and developed. Revenues earned East Lampung district through export and development activities will be able to increase the income of the region to boost the regional economy by using the revenues to improve the non-regency base in East Lampung.

In general, if viewed from the share component, all economic sectors in East Lampung district grew more slowly than the average regional growth. It can be seen from the value of the component share of each sector is positive. The growing influence of economic sectors Lampung (N) is able to add value to each sector of the component share of each sector. This indicates that the policy of economic sectors at the provincial level during the period of analysis is able to add value contribution to the economic sectors in East Lampung regency.

The values of the share component shows revenue growth sectors in East Lampung Regency speed is equal to the revenue growth sectors in Lampung Province. That is because the shift share analysis it is assumed there are no differences in economic characteristics between sectors and regions, the result of this change on various sectors and regions more or less the same and every sector and every region will change and grow at a rate similar to the growth rate at the level of Lampung Province.

Judging from the magnitude of the deviation index, the economic sector in East Lampung district is divided into: Advanced sectors, sectors that have progressive growth (forward) with the amount of deviation index in each sector i.e.; agriculture (0.02); processing industry (0.14); electricity, gas and water (0.05); building (0.05); trade, hotels and restaurants (0.06); transport and communications (0.06); financial leasing and business services (0.10) and service-coat (0.04). Sector slow, sluggish growth sectors is the mining sector index deviation of - 0.11

Components shift (deviation) is divided into two shift differential (Ds) and the proportional shift (Pr). The second component of this shift to separate elements of regional growth that is both external and internal nature. Proportional shift (Pr) is the result of the influence of

outside elements that work on a regional basis. Differential shift (Dr) is the result of the influence of factors that work specifically in the areas concerned.

Sectors which have a positive value Pr namely finance, leasing and corporate services; transport and communications. This means that these sectors are growing rapidly at the provincial level. Sectors that have the highest value Pr is the financial sector, leasing, and business services.

Sector with competitiveness based on the results of the analysis is the mining sector with Dr component value of IDR 14,549,860,000.00; the manufacturing sector amounted to IDR 76,911,870,000.00; trade, hotels and restaurants sector amounted to IDR 67,723,830,000.00; the building sector is IDR 30.929.030.00,00 transportation and communication sector amounted to IDR 9,713,490,000.00 and the services sector amounted to IDR 32,493,920,000.00 Although the views of the components of proportionate growth mining, manufacturing, construction, trade, hotels and restaurants, transport and communications as well as the services sector relatively sluggish sectors but these sectors have a good competitiveness compared to other regions in Lampung province by Dr respective indices are positive. It shows that the East Lampung district having a local advantage to develop the seven sectors. Owned resource management area can increase the growth of the sector which still has an index of slow growth. The sectors that have growth rates the highest average is the manufacturing sector as well as finance, leasing, while the sectors that have the smallest growth is the mining sector. For the sectors that have contributed to GRDP East Lampung district, it turns out, contributing the highest is agriculture, followed by trade, hotels and restaurants, and mining sectors.

The analysis also showed an average growth rate of Lampung province, where scores which had an average growth rate highest in financial services, leasing and business services, while sectors that have the smallest growth is the mining and quarrying sector. For the sectors that have contributed to the GDP of Lampung Province, it turns out, contributing the highest is agriculture, followed by trade, hotels and restaurants, manufacturing, and services sectors.

Based on the analysis Klassen, the typology I., this sector has a high growth despite its contribution to the GDP is still not optimal. The manufacturing sector had an average growth of 14 percent and a contribution to the GDP amounted to 6.81 percent. Agriculture, trade and hotel sectors included into the advanced but depressed (Typology II). Both sectors are highly dependent on the people who need care services from the sector so that the sector is second, contributing 48.82 percent and 17.27 percent higher compared with other sectors. However, the average growth in these sectors is still very small. Growth in the agricultural sector at 2 percent, while trade and the Hotel by 6 percent.

Sectors included into potential sectors or they could thrive (Typology III) is the mining sector, electricity, gas and water as well as finance, leasing, building and

transport. The average growth amounted to -11 percent mining but its contribution to the GDP is still quite high. Sector Electricity, gas and water by 5 percent with the contribution to the GDP by 0.18 percent, the Finance sector, leasing and other services had a growth of 10 percent with the contribution to the GDP amounted to 3.27 percent.

The only sectors are categorized as relative sector is lagging behind other service sectors because these sectors have average growth and contribution to the GDP is lower than the provincial average. Nevertheless, the sector is still showing strength as a sector that does not recognize a crisis when compared to other sectors. In addition, the services sector also should receive special attention from the government so that this sector into sectors that excel and become a priority.

6. Conclusion

Agricultural sector contribution to the GDP continues to weaken while the contribution of non-agricultural sector continues to move forward. This situation explains that the agricultural sector will gradually become non-sector basis. This condition is due to the economic boom in East Lampung district is illustrated by changes in the pattern of consumption demand in the goods of non-agricultural. To maintain the agricultural sector as a sector basis, the pattern of production of this sector should be turned into a production process agricultural materials into the manufacturing sector output based Agroindustri.

Manufacturing had an average growth rate of the highest in East Lampung regency. If the sector continues to be developed, it can increase the contribution to the GDP is quite significant. The industrial sector can be developed in East Lampung Regency especially with the availability of abundant raw materials.

7. Suggestions

In order to maintain the role of the agricultural sector in order to remain a focus for the economy of East Lampung district will require the carrying capacity of the processing

of the agricultural sector output which has high added value that is the agricultural sector which is engaged in business in the scale of Agribusiness and Agro-industry.

In order to maintain the role of the agricultural sector in order to remain a focus for the economy of East Lampung district will require the carrying capacity of the processing of the agricultural sector output which has high added value that is the agricultural sector which is engaged in business in the scale of Agribusiness and Agro-industry.

East Lampung regency government continues to support the development of the processing sector to improve the economic value of agricultural products produced by this region, such as the development of food industry raw materials derived from the fishery (the meat processing industry clams, crabs etc.).

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