ANALYSIS OF THE POTENTIAL ECONOMIC SECTOR IN THE SOUTHERN OF EAST JAVA INDONESIA

Hendry Cahyono[1], WaspodoTjipto[2] and Kukuh Arisetyawan[3]

Abstract: The purpose of this research is to: (a) identify and determine potential economic sectors based on contribution,specialization, competitive advantage, and growth criteria, and (b) to assess the pattern of potential economic sectors based on growth and contribution. To achieve these objectives, the development of regional sectors, each bearing different economic potential characteristics, is needed. The method of analysis used in this research is Location Quotient (LQ), Shift Share, MRP, and Overlay. The results indicate that, firstly, in terms ofcontribution, agriculture sector, mining and quarrying, financial, renting and business services, and the services sector are dominant basicsectors shared by all districts. Secondly, regarding competitive advantage and specialization, the agricultural sector, mining and quarrying, and the services sector take the lead. Furthermore, growth rate is dominated by agriculture, manufacturing, and services sector. Finally, based on contribution and growth rate criteria, the agricultural sector and the services sectorappear to excel. This research suggests that the government pro-actively implement applicable policy, and prioritize potential sectors for development in the southern region of East Java.

Keywords: economic potential, specialization, competitive advantage.

1. INTRODUCTION

Considering that local economyis a miniature of national economy,there is a link between the two. The association is that regional orsub-regional economy is a spatial system of the national economy (Adisasmita, 2010: 34). Therefore there is a need to increase the region's economy to triggeran increase in the national economy, elevating economic competitiveness internationally. Increased regional economy can be seen from the structure of economic growth and in terms of Gross Regional Domestic Product (GRDP). GDP composition in Indonesia consists of nine sectors, namely, agriculture, mining and quarrying, processing industry, electricity, gas and water, construction, trade, hotels and restaurants, transport and communication sectors, the

[1] ME (Lecture in Faculty of Economic)
[2] Subroto (Senior Lecture in Faculty of Economic)
[3] (Lecture in Faculty of Economic)Faculty of Economic, UniversitasNegeri Surabaya, Email: waspodotjipto@yahoo.co.id

financial sector, leasing and business services, and service sector (Setiono, 2011: 175). These sectors can contribute to regional development and economy of the area. Development in each area should be touched and can be directly acknowledged by citizens. Such regional development programs are programs that are targeted at the sectors existing in the area. Asectorial approach to conduct regional development is of dire need. As asserted by Adisasmita (2005: 12) that in order to approach national development, it is considered necessary to employ sectorialapproach through sector and sub-sectorbusiness activities.

Related toregional economic development, the role of the provincial government and district/city will determine the direction of development of a region. Ady (2015) said, Local governments can actas acoordinator in the economic development policies or propose to establish development strategies. Of the many economic development districts/cities in East Java, according to state economic development RPJMD 2009-2014, districts/cities tended to be slower in the south. Administratively, the southern region can be divided into 8 districts from west to east in the southern East Java. ThedistrictisPacitan, Trenggalek, Tulungagung, Blitar, Malang, Lumajang, Jember and Banyuwangi. The referred districts have their respective advantages both in terms of natural resources and other economic potential. This southern region, according RPJMD East Javain 2009-2014, houses areas of low GDP percapita area and low economic growth, such as Pacitan and Trenggalek. This demonst rates the need for the development of economic sectors that can potentially contribute in the southern districts of East Java.

Things that affect these areas can not compete with other regions in East Java can be seen from the performance of its economy. The economic performance seen from the number or value of GDP, economic growth, and poverty in the southern region of East Java. According to data presented by the Central Bureau of Statistics, the lowest value of GDP is owned by Pacitan amounting to 1,651,466.07 in 2011 which was then increased by 1,762,562.97 in the next year. For the condition of poverty is also high at 18.13 per cent in 2011 and fell to 17.07 percent in 2012. The decline in the poverty rate is still higher than the poverty rate in East Java province amounted to 15.26 percent.

Districts that have the highest value of GDP is the value of 15,624,096.52 Malang district in 2011 and increased 16,786,415.78 in 2012. While poverty rates are 11.67 percent better than the provincial poverty rate of 15.26 percent. Based on the description above mapping is required to investigate and determine economic potential of various sectors southern region of East Java area. Need for identification of the economic potential is to be able to maximize the potential and can create economic development that is inclusive and sustainable.

This study aims to, identify and determine potential economic sectors based on contribution,specialization, competitive advantage, and growth criteria, and, to assess the pattern of potential economic sectors based on growth and contribution.

2. THEORETICAL FRAMEWORK

2.1. Development and Regional Economic Growth

Economic development is a structural change in economic circumstances that could stimulate economic growth. Stimulation of economic growth could increase real income per capita population of a country in the long term that is accompanied by institutional changes (Arsyad, 1999: 11). However, according Subroto (2013), to that required understanding local development planning by all stakeholders to be able to perform optimally economic development in the area. Planned development of the area affected by the two conditions, namely, (1) the pressure that comes from the environment within the country and abroad that affect the needs of the regions in the process of economic development; (2) the fact that the local economy in a country affected by each sector differently (Kuncoro, 2004: 47).

2.2. Regional Development Planning

Regional development planning is needed in order to improve the competitiveness of a region in economic development. Bakley (in Kuncoro, 2004: 47) explains that there are two perspectives, namely economic development, responsive to the needs eksterndal and responsive to the needs of local communities. In addition, regional development planning requires the support resources of the region in order to materialize the rapid local development and good. Economic development will be able to create a community environment that will affect the results of economic indicators such as the increase in employment and economic growth (Kuncoro, 2004; Ady, 2015).

2.3. Basis of Economic Theory and Economic Potential

Framework the economic base theory states that the main determining factor in regional economic growth is directly related to the demand for goods and services from outside the area (Arsyad, 2002: 116). Classification of the theory of economic base is divided into two, namely, a sector basis, and the non bases. Sector base has a primary role in the growth of a region. The role of the sector due to base an activity sector export activities out of the boundaries of the region's economy. The growth of industries that use local resources, including labor and raw materials for export, can generate local wealth and employment creation (Arsyad, 1999: 300).

2.4. Theory of Comparative Advantage and Competitive Advantage Regional

The theory of comparative advantage and competitive advantage into the classical theory. According Nopirin (1996: 10) explains that a country will produce and then export the goods which have the largest comparative advantage and import goods which have a comparative disadvantage. This comparative advantage theory popularized by JS.Mill basing on the value of an item is determined by the amount of labor devoted to producing such goods (Nopirin, 1996: 12).

2.5. Specialization Economy

Development of economic specialization can be done by increasing investment and quality of human resources in the sector. Subroto (2015) says, A region is said to prioritize the development of the area through a specific economic sector with a policy that will bring specialization to specific sectors in the region (Muzamil, 2001; Subroto, 2013). Accelerated development of the area is done by taking into account the economic specialization. sectors of the economy which is the specialization have the potential competitiveness kompetiti (Titisari, 2010).

2.6. Patterns and Structure of Economic Growth

Pattern and structure of economic growth leads to changes in the structure of the subsistence economy with emphasis on the agricultural sector into a modern economic structure (Todaro in Kuncoro, 2003: 59). The structural changes were characterized by economic strutktur reflect changes in sectoral contribution (shift share) in national income (Arsyad, 2010: 12).

2.7. Gross Regional Domestic Product (GRDP)

One indicator of the macroeconomic and growth performance guidelines and economic development of a region can be seen from the development of the value of GDP of the region (Setiono, 2011; Ady, 2015). According to the Central Bureau of Statistics (2011: 1) GDP is the sum of all gross value added of various economic activities that produce goods and services, in a certain area in a certain period without regard to the ownership of the factors of production.

2.8. Previous Research

Various previous studies that can be used as empirical studies to determine the area of development and potential sectors of the economy. Research conducted by HadiSasana in the district / city Central Java (2009) uses the tools of analysis and path analysis LQ provide results that significantly affect the economic growth and have a positive relationship to the welfare of the people in the district / city in Central Java. Economic disparities and has a significant effect on the welfare of society is a negative relationship. Labour absorbed a significant effect and has a positive relationship to the welfare of the people in the district / city in Central Java.

While the results of a study conducted by Titi Sari (2010) using Klassen typology and alasisis MRP results obtained from the three regions analyzed will be divided into 3 sectors namely placement, prime position, growing, and fat. Furthermore, the analysis Overlay, Location Quotient (LQ), and growt Ratio Model (GRM), which is used by Ward (2007) sectors found to be most promising in terms of future potential as a driver of economic growth in the region. The potential economic sectors of Bandung Regency is still dominated by the traditional, dominant sectors such as agriculture and manufacturing.

3. RESEARCH METHOD

This research uses descriptive quantitative research with regional development planning approach. The analysis used in this study there were four analysis, namely: a) Analysis of Location Quotient (LQ), use of location quotient analysis intended to look at the economic base of the region that the criteria be seen from the contributions. This LQ analysis calculations using the GDP of an activity area, b) Shift-Share Analysis, this analysis is used to determine the determinants of economic growth in a region. According Sjafrizal (2012: 96), shift share analysis is a model of economic growth in the region to determine and identify the role of the national economy and the specificities of the region to the economic growth of the region. c) Growth Ratio Model (GRM), According to Joseph (1999: 220) model of growth ratios are alternative analytical tool used in urban and regional planning with the modification of shift share analysis. A decrease in the growth rate models is obtained from the shift differential and proportionality shift, d) Overlay analysis, this analysis is used to identify winning sectors in terms of contribution and growth by combining the results of the analysis of LQ and Analysis of MRP. So this analysis consists of two components, namely Location Quotient (LQ) and Regional Growth Ratio Study (RPs).

4. DATA ANALYSIS AND DISCUSSION

4.1. Southern Regional Economic Base Sector East Java Based Criteria Contributions.

Grouping discussion will be grouped based analysis tools one of which is the determination of the economic sector based on the criteria of contribution base. The use of these criteria using analytical tools LQ (Location Quotient) in each district in the southern region of East Java. This analysis tool is used to map the basic sector and non base in these areas or can be called comparative advantage of a region. From the results of calculations performed on the eight districts in the southern region of East Java has a diversity of economic sectors into sectors base. Overall the results of the analysis, the agricultural sector still be featured in all the districts in the southern

Tabel 1
Average Value LQ South Region East Java 2007-2012

District	Average Value LQ (Sector)								
	1	2	3	4	5	6	7	8	9
Pacitan	**2.597**	**2.077**	0.140	0.715	**2.642**	0.378	0.752	**1.640**	**1.898**
Trenggalek	**2.418**	0.930	0.245	0.368	0.892	0.833	0.522	0.758	**2.008**
Tulungagung	**1.220**	0.908	0.677	0.953	0.537	**1.030**	0.682	**2.015**	**2.055**
Blitar	**3.148**	**1.198**	0.126	0.368	0.597	0.846	0.310	**1.030**	**1.141**
Malang	**1.982**	**1.277**	0.709	0.722	0.542	0.829	0.517	0.641	**1.455**
Lumajang	**2.325**	**1.003**	0.523	0.438	0.980	0.792	0.642	0.803	**1.350**
Jember	**2.757**	**1.917**	0.325	0.652	0.868	0.690	0.630	**1.015**	0.950
Banyuwangi	**3.105**	**2.087**	0.247	0.337	0.263	0.818	0.625	**1.098**	0.598

Source: processed researcher, 2014

region of East Java. Here are the results of the analysis of each district LQ southern region of East Java explained preformance table 1.

Based on the data processed, the result for the whole district in the southern region of East Java is still relying on the agricultural sector to be used as seed sector or have good economic potential. This is indicated by the value of LQ sector in the southern district of East Java more than 1. Value LQ largest in the agricultural sector are in Blitar and Banyuwangi with respective values 3.148 and 3.105.

The first identification in Pacitan with a five-sector sector base. The base sectors are agriculture, mining and quarrying, construction, finance, leasing and business services as well as the services sector. LQ index value more than 1 indicates that the sector is able to serve the market both within and outside of Pacitan. This means that the fifth sector is the area of economic activity that have a comparative advantage to be developed in the framework of the process of sustainable development in Pacitan. This data is also processed in accordance with research conducted by Sudarti (2009) used data from 2003 to 2004, that there are five sectors Pacitan same basis as mentioned above. In the study also explained that the sectors which are the basis in Pacitan generally fit into the category of fast forward but depressed (CMCT) (Sudarti, 2009).

The next district is Trenggalek with two sector-owned basis. The sector is the agricultural sector and the services sector. LQ index value for each of these sectors are 2.418 and 2.008. This means that both sectors are economic activities that have a comparative advantage areas to be developed in the framework of the process of sustainable development in the district Psychology. This data is also processed in accordance with research conducted conducted by Sudarti (2009) used data from 2003 to 2004, that there are two sectors Trenggalek same basis as mentioned above. In the study also explained that the sectors which are the basis in Trenggalek generally fit into the category of fast forward but depressed (CMTT).

Tulungagung has four bases owned sector. The sector is the agricultural sector, trade, hotels and restaurants, finance, leasing and business services and the services sector. LQ highest value lies in the services sector with an index value of 2,055 .. This means that this sector is the fourth area of economic activity that have a comparative advantage to be developed in the framework of the process of sustainable development in Tulungagung. Results processed LQ analysis is different from that conducted research conducted by Sudarti (2009) used data from 2003 to 2004, that in Tulungagung in the study, there are three sectors of the same base as mentioned above. Results of the different sectors on research bases are located in the mining and quarrying as well as the services sector. In the study Sudarti (2009) also explained that the same sectors into sectors with a base of this research to the agricultural sector into the fast forward but depressed (CMTT), trade, hotels and restaurants into the relatively underdeveloped (RT), and finance, leasing and corporate services into the rapidly growing category (BC). Sectors that fall into the category of relatively low levels of economic growth and per capita income is lower than the province of East Java. sectors that fall into the category of fast

growing high growth but the level of per capita income lower than the province of East Java. Whereas in others sectors LQ value is less than 1 which indicates that the sector is not a sector basis has not been able to serve the market in Tulungagung.

Subsequent analysis is at Blitar district which has four sector base. The sectors are agriculture, mining and quarrying, finance, leasing and business services and the services sector. LQ highest value lies in the agricultural sector with an index value of 3.148. This means that this sector is the fourth area of economic activity that have a comparative advantage to be developed in the framework of the process of sustainable development in Blitar. Results processed LQ analysis is different from that conducted research conducted by Sudarti (2009) used data from 2003 to 2004, that in Blitar district on the study, there are two sectors of the same base as mentioned above. Results of the different sectors on research bases are located in the mining and quarrying sector and the services sector. In the study Sudarti (2009) also explained that the same sectors into sectors with a base of this research to the agricultural sector and financial services, leasing and corporate services into the category of fast forward but depressed (CMTT). Meanwhile, in a study conducted by Achmadi and Gantara (2012) sectors into the same sector basis the results with the results of this research data processed namely agriculture, mining and quarrying, finance, leasing and business services, and the services sector.

Malang district has only three sectors that go into a sector basis. The sectors are agriculture, mining and quarrying, and the services sector. LQ highest value lies in the agricultural sector with an index value of 1.982 followed by a second sequence of the services sector with an index value of 1.455. This means that these three sectors is an area of economic activity that have a comparative advantage to be developed in the framework of the process of sustainable development in Blitar. In line with the results of research conducted by Sudarti (2009) the results obtained for the data in 2003-2004 shows that only agriculture and sekto services are entering into a sector basis. In that study is also described to the data in 2003-2004-sekto sector which in this study fit into the category of fast forward fast growing (CTCM) for agriculture, mining and quarrying in the category is growing fast (BC), and the services sector in the category of fast forward but depressed (CMTT). The results also equally done by muarifin (2011) and Rajab (2010) that the sectors into the sector based on a calculation basis LQ is agriculture, mining and quarrying, and the services sector.

Lumajang the same thing the previous district has only three sectors that go into a sector basis. The sectors are agriculture, mining and quarrying, and the services sector. LQ highest value lies in the agricultural sector with an index value of 2.325 followed by a second sequence of the services sector with an index value of 1.350. This means that these three sectors is an area of economic activity that have a comparative advantage to be developed in the framework of the process of sustainable development in Lumajang. In this study, different results with the research conducted by Achmadi and Gantara (2012) showed that Lumajang has four sectors, namely base, agriculture,

mining and quarrying, construction and services sector. While the research conducted by Sudarti (2009) for Lumajang only two base sectors, namely agriculture and construction. While the research results from Jaya (2011) explain that the agricultural sector, trade, hotels and restaurants, and the manufacturing sector has a large role in the increase of economic growth in Lumajang. While the service sector into the sector due to the base area to add revenue streams to the number of exports to other areas which further increases the demand for goods and services in the area (Jakarta, 2011).

Jember in LQ analysis results have only three sectors that go into a sector basis. The sectors are agriculture, mining and quarrying, and finance, leasing, and business services. LQ highest value lies in the agricultural sector with an index value of 2.757 followed by a second sequence of mining and quarrying sector with an index value of 1.917, as well as finance, leasing and services company with an index value of 1.015. This means that these three sectors is an area of economic activity that have a comparative advantage to be developed in the framework of the process of sustainable development in Jember district. In line with this study, the results of Yusuf (2013) explain that the agricultural sector into the fast-growing sector basis. While the results of Sudarti (2009) that goes into the base sector is the agricultural sector and the building sector. In Sudarti study (2009) that uses data 2003-2004 describes the agricultural sector in the category of fast forward but depressed (CMTT), mining and quarrying as well as the financial sector, enterprise, and service companies in the category of relatively disadvantaged (RT).

The last district in this discussion is the Banyuwangi regency which has three sectors that go into a sector basis. The sectors are agriculture, mining and quarrying, and the financial sector, leasing and business services. LQ highest value lies in the agricultural sector with an index value of 3.105 followed by a second sequence of mining and quarrying sector with an index value of 1.917 and the third is the financial sector, leasing and services company with 1,098 LQ value. This means that these three sectors is an area of economic activity that have a comparative advantage to be developed in the framework of the process of sustainable development in Banyuwangi regency. Results of this study are also similar to those carried out by Achmadi and Gantara (2012) with the three sectors as a sector basis. Another study conducted in Banyuwangi by Sudarti (2009) resulted in a number of sectors base two sectors, namely agriculture and financial services, leasing and services company in the research sector, mining and quarrying sector does not get into the base. The role played by the agricultural sector above is characterized by a high LQ value, based on government performance accountability reports (LAKIP) Banyuwangi remain as sectors that support the economy, but the growth of this sector is still being brought economic growth in the district.

4.2. Specialization and Competitive sectors in the Southern District of East Java.

Based on the results of shift-share analysis shows that the total number of years of 2007-2012 GDP increased by USD 97 615, 15 million. Shift share analysis results of the

increase in GDP Pacitan district is dominated by the five economic sectors namely: agriculture increased USD 28623.57 million, trade, hotels and restaurants increased by RP 19459.19 million, the services sector increased by USD 14270.95 million and sectors USD 12965.09 million rise buildings.

The economic sector Pacitan greatest gain negative impact of mix industry in East Java province is agriculture and mining and quarrying. The district's agricultural sector decreased by USD 19266.81 million and the mining and quarrying sector decreased by USD 2846.02 as a result of the effects of industrial mix. Whereas other sectors which received a negative impact is the services sector amounted to USD 2723.56 million, the processing industry amounted to Rp 821, 98 million, electricity gas and water supply amounting to Rp 194.14 million, and the building of Rp 266.85. The sectors which have a positive impact on the industry mix is trade, hotel and restaurant Rp 4538.68 million, transport and communications amounted to USD 3321.94 million, and finance, leasing and business services amounted to USD 1316.85 million. The economic sectors that are in Pacitan district has several competitive advantages and specialization, if growth and the role of the sector is better than the growth and the role of the same sector in the province of East Java. Competitive advantage and specialization that are in Pacitan district lies in agriculture, mining and quarrying, construction, noted that financial, leasing and business services, as well as the services sector.

Next is the shift share analysis Trenggalek. When viewed from the analysis of the increase in GDP share shift Trenggalek dominated by four economic sectors, namely: agriculture increased Rp 118,710.01 million, trade, hotels and restaurants increased by RP 140,151.21 million, the services sector increased by Rp 27351.80 million and the financial sector, leasing and business services increased by USD 11139.60 million. Analiss also take into account the impact of economic growth sectoral (industrial mix) in the province of East Java, which resulted in a negative growth of aggregate GDP TrenggalekRp 20400.71 million. Trenggalek economic sector gets the biggest negative impact on the mix of industries in East Java province is agriculture and the services sector. The district's agricultural sector decreased by USD 34403.66 million and the services sector decreased by USD 5143 million as a result of the effects of industrial mix. Whereas other sectors which received a negative impact is the manufacturing sector amounted to USD 2571.96 million, electricity, gas and water supply amounted to Rp 146, 86 million, the building of Rp 368.07 million. The sectors which have a positive impact on the industry mix is trade, hotel and restaurant Rp 19235.17 million, transport and communications amounted to USD 4077.96 million, and finance, leasing and business services amounted to USD 1100.40 million. The economic sectors that are in Trenggalekhas several competitive advantages and specialization, if growth and the role of the sector is better than the growth and the role of the same sector in the province of East Java. Competitive advantages and specialization are owned by the agricultural sector and services.

Shift share analysis results in Tulungagung which increased GDP is dominated by four economic sectors, namely: agriculture increased USD 81676.71 million, the manufacturing sector increased by USD 86464.01 million, transportation and communication sector increased by Rp 43134.96, and the most large increase was trade, hotels and restaurants increased by RP 189644.98 million. Furthermore, in this analysis the increase in GDP is influenced by two factors, namely, the impact of aggregate economic growth of East Java province which the results can increase aggregate GDP Tulungagung regency Rp 472062.98 million and the impact of economic growth sectoral (industrial mix) in the province of East Java, which resulted in positive growth of aggregate GDP Tulungagung district amounted to USD 1217.1 million. Tulungagung economic sectors received the greatest negative impact on the mix of industries in the province of East Java is the agricultural sector and the manufacturing sector. The district's agricultural sector decreased by USD 45962.64 million and the manufacturing sector decreased by Rp 19719.31 result of the effects of industrial mix. The sectors which have a positive impact on the industry mix is trade, hotel and restaurant Rp 60020.25 million which is the greatest positive impact, transport and communications amounted to USD 15149.20 million, and finance, leasing and business services at Rp 8533 , 15 millions. The economic sectors that are in Tulungagung district has several competitive advantages and specialization, if growth and the role of the sector is better than the growth and the role of the same sector in the province of East Java. Competitive advantage and specialization is owned agricultural sector.

The next shift share analysis is in Blitar. Shift share analysis results explained that the increase in GDP Blitar district is dominated by three economic sectors namely: agriculture increased Rp 105,777.25 million, trade, hotels and restaurants increased by RP 118,474.64 million, and the services sector increased by Rp 38919.04 million. Blitar regency economic sectors received the greatest negative impact on the mix of industries in East Java province is agriculture and the services sector. The agricultural sector in the district decreased by Rp -93208.14 million and the services sector decreased by USD 6530.18 as a result of the effects of industrial mix. The sectors which have a positive impact on the industry mix is mining and quarrying Rp 1302.66 million, building amounting to Rp 127.43 million, trade, hotel and restaurant USD 32799.64 million, transport and communications Rp 5352.39 million and finance, leasing and the services of the company amounted to USD 2890.09 million. Competitive advantages and specialization are owned by the agricultural sector, mining and quarrying, and the services sector.

Shift share analysis has been in the district of Malang. Results of the analysis of the Malang regency shift share increase in GDP is dominated by three economic sectors namely: agriculture increased Rp 195,446.64 million, trade, hotels and restaurants increased by Rp 316,643.48 million, and the services sector increased by USD 104,023.82. Furthermore, in this analysis the increase in GDP is influenced by two factors, namely, the impact of aggregate economic growth of East Java province which the results can increase aggregate GDP Malang regency Rp 883,757.39 million, the impact of economic

growth sectoral (industrial mix) in the province of East Java, which resulted in a negative growth aggregate GDP Malang regency Rp 98866.58 million. Malang regency economic sectors received the greatest negative impact on the mix of industries in East Java province is agriculture, processing industry and services sector. The agricultural sector in the district decreased by Rp 139,412.48 million, the processing industry decreased by USD 37893.19 million and the services sector decreased by Rp 19786.57 result of the effects of industrial mix. The sectors which have a positive impact on the industry mix is trade, hotel and restaurant Rp 90350.05 million, transport and communications amounted to USD 22447.61 million, and finance, leasing and business services amounted to USD 5789.15 million. Competitive advantages and specialization are owned by the agricultural sector, mining and quarrying and services.

Furthermore, a shift share analysis on Lumajang. Shift share analysis results of the increase in GDP Pacitan district is dominated by three economic sectors namely: agriculture increased Rp 119,239.98 million, trade, hotels and restaurants increased by RP 121,967.24 million and the services sector increased by USD 82251.33 million. Trenggalek economic sector gets the biggest negative impact on the mix of industries in East Java province is agriculture, processing industry and services sector. The agricultural sector in the district decreased by Rp 100,402.86 million, the manufacturing sector decreased by USD 19499.20 million, and the services sector decreased by USD 16613.82 million as a result of the effects of industrial mix. The sectors which have a positive impact on the industry mix is trade, hotel and restaurant Rp 27597.27 million, transport and communications amounted to USD 6376.36 million, and finance, leasing and business services amounted to USD 1041.84 million. Competitive advantages and specialization are owned by the agricultural sector and services. Services sector into a competitive advantage and specialization as well as in total Dij increase because the number of exports to other areas which will further add to the demand for goods and services in the district Lumajang (Jakarta, 2011). The following tabulation of the data shift share analysis results Lumajang years 2007-2012.

Jember in the shift share analysis results showed that the GDP increase in Jember district is dominated by three economic sectors namely: agriculture increased USD 87316.16 million, the processing industry increased by Rp 146,992.02 million, and trade, hotels and restaurants increased by Rp 309 217 , 33 million. Economic sectors in most large Jember district gets a negative impact on the industry mix in East Java province is agriculture and mining and quarrying. The agricultural sector in the district decreased by Rp 154664.98 million and mining and quarrying decreased by Rp 14073.66 result of the effects of industrial mix. The sectors which have a positive impact in Jember district of the industry mix is trade, hotel and restaurant Rp 66257.83 million, transport and communications amounted to USD 16 469 million, and finance, leasing and business services amounted to USD 10522.08 million. Competitive advantage and specialization solely owned by the agricultural sector.

The last discussion of this is the shift share analysis Banyuwangi district. The shift share analysis results explained that the increase in GDP Banyuwangi district is

dominated by two economic sectors namely: agriculture increased Rp 267811.67 million and trade, hotels and restaurants increased by Rp 240863.61 million. Banyuwangi economic sectors received the greatest negative impact on the mix of industries in East Java province is agriculture and mining and quarrying. The agricultural sector in the district decreased by Rp 163,432.50 million and the mining and quarrying sector decreased by USD 21849.13 million as a result of the effects of industrial mix. The sectors which have a positive impact on the industry mix is trade, hotel and restaurant Rp 67006.63 million, transport and communications amounted to USD 19747.25 million, and finance, leasing and business services amounted to USD 6416.95 million. Competitive advantages and specialization are owned by the agricultural sector and mining and quarrying.

According to Tarin (2004: 79) shift-share analysis was used to compare differences in the rate of growth of various sectors (industry) in the district to the provincial or the provincial with the national territory. In accordance with the above explanation shift share analysis can be concluded that in general the sectors which have great impact in every district in the southern region of East Java is dominated by the agricultural sector, trade, hotels and restaurants, finance, leasing and business services sector as well as rendering services.

Excellence and specialization is also an effect on the development of economic sectors and areas. This is in line with the views expressed by Kuncoro (2004: 222) that measures can be taken to improve the economy and inter-regional linkages through inter-regional commodity exchange is by means of the creation of regional specialties.

However, in general the district in the southern region of East Java which has a competitive advantage and specialization at the same time there are in the agricultural sector. Excellence and specialization is also an effect on the development of economic sectors and areas. This is in line with the views expressed by Kuncoro (2004: 222) that measures can be taken to improve the economy and inter-regional linkages through inter-regional commodity exchange is by means of the creation of regional specialties. The structural changes reflected in the economic structure changes sectoral contribution (shift share) in national income (Arsyad, 2010: 12-17). The influence of the industry mix in various sectors affect structural changes and a decrease in the contribution of the economic sectors. As explained above, the sector experienced a very pronounced change is the agricultural sector. Development priorities shift occurring from agriculture to industries that support agriculture that are not accompanied by spatial considerations will impact on the development of a single party (Kuncoro, 2004: 19).

4.3. Economic Sector Growth Potential Based Criteria.

Potential economic activities which are in the southern region of East Java will be analyzed based on the ratio of growth in which each district is based on GDP. In the analysis Growth Ratio Model (MRP) This emphasis on growth criteria both externally (province) and internal (study area) (Yusuf, 1999). MRP analysis results in a structure

without oil shows that at the provincial level (RPR) only trade, hotels and restaurants, transport and communications, as well as finance, leasing and business services RPR values> 1 so that these sectors are positive. While at the regional level (RPs) following explanation, the agricultural sector throughout the district (area of study) had a positive RPs, but at the provincial level (RPR) value is negative. This may imply that the agricultural sector at the provincial level but the growth is not prominent on a regional level stand. This sector throughout the district is expected to be a potential role in contributing to the growth of the provincial and district levels. By, because the agricultural sector is a potential activities that can be developed throughout the district.

As for the mining and quarrying sector, none of which is positive from the provincial and district levels.So that this sector is not a sector of the criteria of growth potential. The manufacturing sector Pacitan and Terri RPs that have a value of less than 1, which means a negative (-). In terms of provincial level for the manufacturing sector of his RPR negative. But for the district in addition to Pacitan and Psychology, the manufacturing sector is a potential activities that can be developed because it is expected to contribute its potential role in the growth of the province and kabupaaten. For electricity, gas and water supply only Blitar, Malang, Lumajang which has a value of negative RPs (RPs <1), so that the district other than the district has the RPS value> 1 and the sector into potential sectors that can be developed in Pacitan , Trenggalek, Tulungagung, Jember and Banyuwangi.

The building sector the potential sectors only in Pacitan, Blitar and Banyuwangi with RPs value> 1. Trade, hotels and restaurants at the provincial level (RPR) value greater than 1 (+) and the district level (RPs) only county Pacitan, Trenggalek, Jember and Banyuwangi which has a value of RPs> 1. This means that the district is a district that the dominant growth in trade, hotels and restaurants. For selainnya district, the sector stand at the provincial level but at the regional level does not stand out, so that has the potential sectors in trade, hotels and restaurants are Pacitan, Trenggalek,

Tabel 2
Analysis MRP South Region East Java

Sector	MRP (RPr)	MRP (RPs) District							
		1	2	3	4	5	6	7	8
Agriculture	0.50	1.59	4.32	2.11	1.38	1.95	1.92	1.38	1.84
Mining and excavation	0.46	0.30	0.18	0.16	0.78	-0.51	-0.51	-0.11	0.64
Processing industry	0.74	0.53	0.29	1.48	1.53	1.29	1.22	3.38	1.16
Electricity, gas and water supply	0.76	1.18	7.60	1.49	-2.47	0.03	-0.04	1.53	1.28
Building	0.92	1.91	-0.17	0.46	1.48	-1.46	-1.62	0.69	1.47
Trade, hotels and restaurants	1.38	1.36	4.42	0.93	0.96	0.94	0.93	1.50	1.06
Transportation and communication	1.72	0.58	0.42	1.25	0.85	0.30	0.26	0.82	0.56
Finance, leasing and corporate services	1.16	1.41	1.63	0.55	0.89	0.73	0.69	-1.91	0.74
Services	0.86	1.08	1.10	0.77	1.37	2.29	2.34	1.61	1.12

Source: processed researcher, 2014

Jember, and Banyuwangi.Sektor transport and communication also has a value of RPR> 1 and to at the regional level (RPs) only Tulungagung which has a value of RPs> 1, so that only the Pacitan district that has a dominant sector growth and potential. As for the other districts, the sector does not stand out. The financial sector, leasing and business services also have RPR values> 1 and counties that have a value RPs> 1 isPacitan and Terri, so that the district including the dominant category growth and have the potential sectors in the sector. While other districts do not stand with RPs value <1. The last sector is the services sector at the provincial level (RPR) RPR values <1, whereas for the regional level (RPs) only Tulungagung which has a value of RPs <1. The districts RPs values> 1 includes a third category at the provincial level but the growth is not going to stand at the level of districts stand out. So that the districts which have a value of RPs> 1 has a potential economic activity that can be developed in the region.

Based on the above explanations and tables that have been known to sectors which have the potential to be developed even to the extent of becoming a dominant provincial growth. The potential of the sector should be explored in order to create growth and good development. In addition, local governments also felt the need to improve and explore the potential of local excellence that can then be used as the main driving force in the development of the local economy (Setiono, 2012: 159). Development and local economic development will improve the performance of all sectors in the region. Setiono (2012: 184) also explains that the performance of the economic activity of a region will determine the existence of the role and function of the area concerned.

4.4. Economic Sector Contribution and Growth Potential Based in the Southern District of East Java.

Determination of potential sectors based on the criteria of contribution and growth overlay analysis. This analysis by combining the results of Growth Ratio Model and methods Location Quotient (LQ) (Basuki and Gayatri, 2009). In the case in which the component is included in the overlay analysis is the value of LQ and RPs southern region of East Java. Joseph (1999) also describes when the value of the overlay analysis bernotasi growth (+) contributions (+) indicates the dominant economic activity both in terms of growth and the contribution, growth (+) contribution (-) indicates that economic activity in terms of both growth and This economic activity can be enhanced contribution to trigger becomes the dominant activity, the growth of (-) contributions (+) indicates that the economic activity is declining, and if the growth of (-) contribution (-) indicates that the activity is not a good potential in terms of growth and contribution.

Based on the above explanation can be concluded most of the southern region of East Java activity in terms of growth potential and its contribution lies in agriculture and services. The potential sectors that need to be developed and improved return for regional development in the southern region of East Java. Process development and improvement potential sectors that could be developed should be well planned. Necessary for planning the construction of a complex process and complicated because

it involves the development plan for an area with various community, environmental, and social conditions that are inside (Riyadi and Bratakusumah, 2004: 8). Jensssen (in Riyadi and Bratakusumah, 2004: 8) provide recommendations in terms of development planning must consider the potential of the region. Through regional economic development planning, an area viewed as a whole as an economic unit in which there are various elements that are related to each other (Kuncoro, 2004: 46). If the agricultural sector becomes a potential sector, meaning that local governments should be able to further develop the agricultural sector in the direction of agribusiness and agro-industry so that agricultural products have value-added, high value, and can contribute to the local economy (Suryawati and Budi, 2012). So that sustainable development in each district will be realized. Lay (in Suryawati and Budi, 2012) so that the economic potential can be developed and are not concentrated in some particular regions necessary for the creation of economic opportunities outside the core activity regions. Thus, the sectoral approach in an economic activity it wants to develop his chances to look for the most suitable location to be developed (Suryawati and Budi, 2012).

5. CONCLUSIONS AND SUGGESTION

Districts that have the highest potential economic sector is district pacitan with five sector base. LQ analysis results indicate that the sectors of agriculture, mining and quarrying, finance, leasing and business services, and the services sector. Shift share analysis results showed the agricultural sector has a competitive advantage and specialization in ssluruh district, the mining and quarrying sector has a competitive advantage and spesialisai in Pacitan district, Blitar, wretched, and Banyuwangi. Sector services has a competitive advantage and specialization in Pacitan district, Terri, blitar, poor, and Lumajang.

While the results of the MRP analysis showed the ratio of growth in the province as a reference region (RPR) has the RPR values> 1 are the sectors of trade, hotels and restaurants, transport and communications, as well as finance, leasing and business services. For the study area (RPs) which is the dominant sector in the entire southern region of East Java with RPs values> 1 are in the agricultural sector, processing industry and services sector.

The results of the analysis based on the criteria perumbuhan and contributions through overlay analysis shows the potential economic sector and dominant throughout the southern wilaayah East Java is agriculture and services sector.

Suggestion that can be recommended in this study are:

Provincial and local government districts need to establish policies that prioritize economic pmebangunan potential sector role, doing the construction of public facilities in the field of road infrastructure, markets, bridges, provision of means of transport, in order to increase economic activity of society.The government should conduct policies applicable implementation and pro-active in stimulating potential sectors, so as to achieve development and conduct peerencanaanpemeratanaan public policy that

there should be coherence and institutional development approach based on the economic well in the southern region of East Java

References

Achmadi, Tri danWahyu Putra Gantara. 2012. Regional Development Model for Port Development: A Case Study of East Java's southern coast. *ITS Engineering Journa*l, Vol. 1. ISSN: 2301-9271.

Adisasmita, Rahardjo. 2010. *Regional Development and Spatial Planning*. Yogyakarta: GrahaIlmu.

Adisasmita, Rahardjo. 2005. *Regional Economic Fundamentals*. Yogyakarta :GrahaIlmu.

Arsyad, Lincoln. 1999. *Economic development*. Yogyakarta : Unit PenerbitdanPercetakan STIM YKPN.

Arsyad, Lincoln. 2010. *Economic development*. Yogyakarta : UPP STIM YKPN.

Basuki, Agus Tri. danGayatri, Utari. 2009. Determinants Sector Featured In Local Development: A Case Study in OganOganIlir. *JurnalEkonomidanStudi Pembangunan, Vol. 10, No. 1: 34–50.*

Bratakusumah, DeddydanRiyadi. 2003. Regional Development Planning. Jakarta: Gramedia Press.

Chilian, Mihaela Nona. 2012. Evolution of Regional and Sub Regional Disparities in Romania–A Sektoral Shift-Share Analysis. Romanian Journal of Economic Forecasting.

Gunawan, Diah S. danRatnaSetyawatiGunawan. 2008. Identification of Area Development District-Member District Regional Institute Barlingmascakeb. *Journal of Economics and Development Studies, Vol. 9, No. 2 : 26–43.*

Hidaya, Amir danSinggihRiphat. 2005. Commodity Sector Analysis For East Java Development Policy Evaluation Using Input-Output Table 1994 and 2000. *Journal of Financial and Monetary Ministry of Finance, December Edition 2005.*www.scribd.com. *Diakses 01 Mei 2014.*

Jaya, DwiCandra S. 2011. Sector Role in Promoting Economic Growth Potential Lumajang Year*2006-2010.*http://karya-ilmiah.um.ac.id/index.php/ekonomi-pembangunan/article/view. accessed 10 Mei 2014.

Kuncoro, Mudrajad. 2004. Autonomy and Regional Development. Jakarta :Erlangga.

Kuncoro, Mudrajad. 2003. *Theory of Economic Development, Problems, and Policies.* Yogyakarta: UPP AMP YKPN.

Muarifin, Muhammad Hamam. 2011. *Sector Analysis and Potential Economic Growth Base in Malang in East Java.* http://karya-ilmiah.um.ac.id/index.php/ekonomi-pembangunan/article/view/25064. accessed 10 Mei 2014.

Nugraha, R. Aga. 2007. *Evaluation of Local Economic Development in Bali Province Post Bomb Tragedy.* In Bank Indonesia Economic Studies.Denpasar.

PPSK Bank Indonesia–LP3E FE-UNPAD. 2008.Profiles and Mapping Economic Competitiveness District / City in Indonesia. Jakarta : Raja GrafindoPersada.

Prishardoyo, Bambang. 2008. Analysis of Economic Growth and Economic Potential Against Gross Regional Domestic Product (GRDP) Pati Regency 2000-2005. *Journal of Economics and Policies(JEJAK), Vol. 1, No. 1: 1–8.*

Rajab, Saiful Anwar. 2010. Analisis Commodity Sectors in Providing Contribution to the GDP in Malang Regency Year 2004-2008. http://karya-ilmiah.um.ac.id/index.php/ekonomi-pembangunan/article. accessed 10 Mei 2014.

Sasana, Hadi. 2009. Impact Analysis of Economic Growth, Inequality Inter-regional and Welfare Labor Against Absorbed in the District / City of Central Java province in the Era of Fiscal Decentralization. *Journal of Business and Economics, Vol. 16, No. 1 : 50–69.*

Setiono, DediNugroho S. 2011. *Economic Development Area.*Jakarta :LembagaPenerbit FE – UI.

Simanjuntak, Damiana. danSirojuzilam. 2013. Potential Areas Under Development Agropolitan in Toba Samosir. Journal of Economics and Finance, *Vol. 1, No. 3 : 134–150.*

Sjafrizal. 2012. *Regional and Urban Economics.* Jakarta : Raja GrafindoPersada.

Soepono, Prasetyo. 1993. Shift Share Analysis and Application Development. Jurnal Ekonomidan Bisnis (JEBI). Nomor 1, Tahun III: 43-54.

Sondakh, Lucky W. 2003.*Globalization and Decentralization of Local Economic* Perspectives. Jakarta : Lembaga Penerbit Fakultas Ekonomi Universitas Indonesia.

Subroto, Waspodo T. (2013). Entreprenuership Development Course To Foster Character Merchandise in Support Economic Growth. *Asian Economic and Financial Review.*Volume 3 (2013). Number 6. pp. 762-771.

Subroto, Waspodo T. (2015). Learning Innovation for Social studies Course in Economic Education.*International Journal of Applied Business and Economic Research.*Volume 13 (2015).Issues 4. pp. 1517-1524.

Subroto, Waspodo T. (2015). Creative Thinking Development to Increase Creative Economic: Evidence of State University of Surabaya. *International Review of Management Marketin*g. Volume 5 (2015). Number 3. pp. 108-113.

Subroto, Waspodo T. (2015). Learning Innovation for Social studies Course in Economic Education.*International Journal of Applied Business and Economic Research.*Volume 13 (2015).Issues 4. pp. 1517-1524.

Soejoto, Ady and Subroto, Waspodo T. (2015). Fiscal Decentralization Policy in Promoting Indonesia Human Development *International Journal of Economics and Financial Issues.* Volume 5 (2015). Number 3. pp. 763-771

Soejoto, Ady and Subroto, Waspodo T. (2015). Industry Supprot and social Economic of Community Education Development. *International Journal of Applied Business and Economic Research.*Volume 13 (2015).Number 9. pp. 6783-6817.

Sudarti. 2009. Determination of the Leading Sector Development District/City in East Java. Humanity, Vol. V, No. 1: 68–79.

Sulistyo-Basuki. 2006. *Research methods.* Jakarta : Wedatama Widya Sastradan Fakultas Ilmu Pengetahuan Budaya Universitas Indonesia.

Sumarwan, Ujang. 2009. Regional Autonomy and Regional Competitiveness Improvement: Competitive Advantage Agribusiness Commodities. *Agrimedia,* Vol. 14, No. 1.

Suryawati, Dina dan Budi H, Selfi. 2012. Model of Regional Planning Leading Through Establishment of the District Region. *JurnalInspirat. Edisi 4.*

Tarigan, Robinson. 2005. Regional Planning. Jakarta :BumiAksara.

Titisari, Kartika H. 2010. Identification of regional economic potential Boyolali, Karanganyar, and Sragen.*JurnalIlmiahOrasiBisnis.*

Wardhana, Aditya. 2007. *Sektoral Economic Potentials of Bandung Metropolitan Area*. Working Paper in Economics and Development Studies.Padjadjaran University.(http://ideas. repec.org/p/unp/wpaper/200708.htmldiakses 28 Desember 2013).

XuBao-Jin. dkk. 2010. Industrial Structur Evolution and Economic Growth in Dingxi City Based on Shift-Share Method and Location Quotient Analysis. Asian Agricultural Research, Vol. 2, No. 12: 61–64.