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Sectoral analysis of the regional potential as an effort to increase the economic growth

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Abstract
This study was aimed to determine the potentials of the economic sectors as the consideration in deciding the sector that is prioritized to develop to stimulate the economic growth and support the regional economy in Kotawaringin Timur, Central Kalimantan Province, Indonesia. The research method used was descriptive-quantitative. The data used were sourced from secondary data (books, regulations, and other official documents) and primary data (filling in questionnaire and interviews with the respondents). The data analysis techniques included Location Quotients (LQ) to identify potential sectors that affects the economic growth; Shift Share (SS) to analyze relative changes in the structures of economy by looking at fast-growing and highly competitive sectors; and Analytical Hierarchy Process (AHP) to facilitate making decisions and prioritized policies. The result of the study showed that there were 3 (three) sectors which would be focused on determining the order of priority sectors that would be developed as potential sectors in Kotawaringin Timur Regency, since it got aggregately higher LQ score in period 2012-2016, which were Wholesale and Retail Trades, Car and Motorcycle Repair sectors; Manufacturing Industry sector; and Transportation and Warehousing sectors. The development of these base sectors became the main consideration for the local government especially in setting the prioritized policies, planning of the programs and budgeting, to determine the direction of developing local potential appropriately with the aim to stimulate the regional economic growth.

Keywords: local potential, regional development, economic growth

1. Introduction
The economic growth as an indicator of the regional development is prioritized to strengthen, build and develop sectors in the economic sector by utilizing and improving resources management optimally. Achieving high economic growth depends on the ability of the local government to process and utilize the potensial natural resources. The common approach in developing the local potential is by examining the components of Gross Regional Domestic Products (GRDP), and the components of human resources, technology, and institutional systems. Thus, it can be concluded that the local potential is natural resources, artificial resources, and development, as well as human resources that can be utilized as the regional capability in supporting community welfare [1].
Gross Regional Domestic Product (GRDP) plays a role in development planning and policy, determines the direction of development, and evaluates the results of regional development. GRDP in Indonesia consists of 17 (seventeen) sectors that affect economic growth, and shows the rate of economic growth sectorally, so that it becomes one indicator of the success of economic development and shows regional economic performance. Measuring the level of regional economic performance can be done by examining the contribution of the Regency's Gross Regional Domestic Product (GRDP) to the formation of a Provincial's Gross Regional Domestic Product (GRDP) [2].
Kotawaringin Timur is one of 14 (fourteen) districts/cities in Central Kalimantan Province, Indonesia, and becomes the biggest contributor to the economic growth of Central Kalimantan Province. In 2016, the highest GRDP was produced by Kotawaringin Timur with the value reaching 19.55 trillion (rupiahs) or 17.54 percent representing the contribution of Kotawaringin Timur to the economic growth of Central Kalimantan Province. Therefore, the economic development of Kotawaringin Timur greatly affects the economic condition of province.

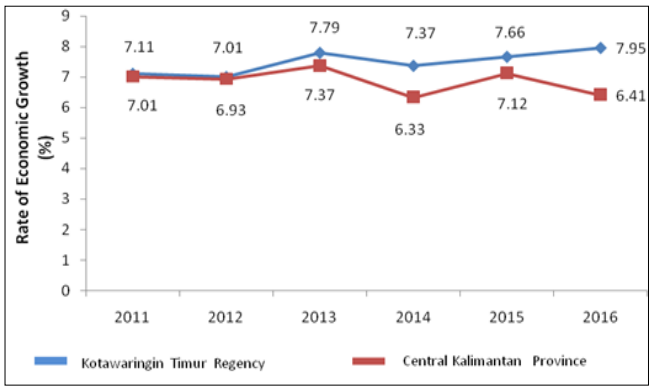

Fig 1: The Economic Growth in Kotawaringin Timur Regency and Central Kalimantan Province

The economic growth of Kotawaringin Timur was higher than Central Kalimantan Province during the period of 2011 to 2016. Even during the last four years (2013-2016), the economic growth rate of Kotawaringin Timur has exceeded the targets set in the Regional Medium-Term Development Plan of Kotawaringin Timur Regency for the period of 2012-2016 namely economic growth exceeding 7.15 percent. The development of the economic growth rate in Kotawaringin Timur and Central Kalimantan Province (percent), in 2011-2016, can be seen in figure 1 below [3]:
The success in achieving the target of economic growth was stimulated by the fast development project of the infrastructures of villages, mainly in underdeveloped regions done by the local government. The economy growth also shows a quick physically developing economy, such as the increase in the number and production of industrial

goods, construction of infrastructures, health facilities, educational facilities, and so on.

Based on the contribution of Kotawaringin Timur to the economic growth of Central Kalimantan Province, it is necessary to determine the main sectors that cause changes in structure and economic growth, therefore an analysis is carried out to identify the potential of these economic sectors as a consideration in determining the most potential sector that can be prioritized to develop in stimulating the economic growth and supporting regional economy, so that the income, prosperity, and welfare of the local people in Kotawaringin Timur can increase to a higher level.

2. Materials and Methods

This study used the Descriptive-Quantitative methods, in which provide an explanation of the processing of statistical data and numbers. The data used were primary data obtained from relevant agencies through interviews with stakeholders (government officers or local officers), and secondary data obtained from various resources, including the data on regional planning and budgeting, regulations, documents, such as GRDP of Kotawaringin Timur Regency and Central Kalimantan Province for the period 2012-2016, and other official data. The analysis tools data used is Location Quotient (LQ) analysis to identify the base and non-base sectors that affect economic growth [4]; Shift Share Analysis to analyze the relative changes in the regional economic structure to the provincial economic structure that stimulate the economic growth comprehensively; and Analytical Hierarchy Process (AHP) to help facilitate decision making, and policy arrangement of priorities sectors in developing local potential of regional development.

3. Results and Discussion

The data needed to perform sectoral analysis are data on the Gross Regional Domestic Products (GRDP) of Central Kalimantan Province and Kotawaringin Timur Regency based on 2010 constant prices. The data on Gross Regional Domestic Products (GRDP) of Central Kalimantan Province are based on 2010 constant prices (in rupiahs), can be seen in Table 1 as follows:

Table 1: Gross Regional Domestic Products of Central Kalimantan Province based on 2010 Constant Prices in 2012-2016 (Million Rupiahs)

No.	Working Field/Sector	2012	2013	2014	2015	2016
A.	Agriculture, Forestry and Fisheries	14,536,600.0	15,028,400.0	16,080,200.0	16,940,500.0	17,579,700.0
B.	Mining and Quarrying	11,060,600.0	12,819,000.0	12,421,500.0	12,654,600.0	13,605,300.0
C	Manufacturing Industry	9,289,900.0	10,011,800.0	11,244,000.0	11,973,900.0	12,869,100.0
D	Electricity and Gas Procurement	35,800.0	38,300.0	47,400.0	61,900.0	68,300.0
E	Water Supply, Waste Management, Disposal and Recycling	57,200.0	63,000.0	63,000.0	65,100.0	67,200.0
F	Construction	5,468,700.0	5,667,100.0	6,252,700.0	6,897,500.0	7,397,000.0
G	Wholesale and Retail Trades, Car and Motorcycle Repairs	7,104,000.0	7,404,700.0	7,978,700.0	8,639,000.0	9,216,100.0
H	Transportation and Warehousing	3,705,000.0	4,130,900.0	4,223,900.0	4,793,400.0	5,302,700.0
I	Accommodation and food	1,061,700.0	1,125,400.0	1,217,800.0	1,318,600.0	1,428,500.0
J	Information and Communication	723,200.0	794,900.0	890,900.0	937,500.0	996,000.0
K	Financial Service and Insurance	2,119,600.0	2,295,900.0	2,438,700.0	2,492,000.0	2,678,800.0
L	Real Estate	1,285,800.0	1,375,700.0	1,473,500.0	1,599,600.0	1,696,600.0
M, N	Corporate Services	23,900.0	25,700.0	26,900.0	29,000.0	30,800.0
O	Mandatory Government, Defense, and Social Security	3,668,300.0	3,925,100.0	4,241,900.0	4,872,800.0	5,018,500.0
P	Education Services	2,780,000.0	2,906,100.0	3,162,100.0	3,478,600.0	3,693,800.0
Q	Health Services and Social Activities	1,113,400.0	1,155,500.0	1,257,900.0	1,380,300.0	1,452,800.0
R, S, T, U	Other Services	615,500.0	646,200.0	703,400.0	756,600.0	808,400.0
	Total of GRDP (Million Rupiahs)	64,649,200.0	69,413,700.0	73,724,500.0	78,890,900.0	83,909,600.0

***Source*:** The Central Bureau of Statistics of Central Kalimantan Province, 2017

Table 1 above shows that there are three sectors that have the highest GRDP values in Central Kalimantan Province in 2016, which are Agriculture, Forestry, and Fisheries sectors amounting to Rp. 17.579.700; Mining and Quarryng sectors to Rp.13.605.300; and The Manufacturing Industry sector to Rp. 12.869.100. The total value of GRDP from years to years has increased growth, shown by the GRDP value that is always increasing.

While the Gross Regional Domestic Products (GRDP) of Kotawaringin Timur Regency, based on 2010 constant prices (in million rupiahs), there are three sectors that have the highest GRDP value in 2016, which are The Manufacturing Industry amounting to Rp.3,412,754; Agriculture, Forestry, and fisheries sectors to Rp.3,352,996.9; Wholesale and Retail Trades, Car and Motorcycle Repairs sectors to Rp.2,511,436.6. The complete description can be seen in Table 2 as follows:

Table 2: Gross Regional Domestic Products of Kotawaringin Timur Region Based on 2010 Constant Prices in 2012-2016 (Million Rupiahs)

No.	Working Field/Sector	2012	2013	2014	2015	2016
A.	Agriculture, Forestry and Fisheries	2,622,360.3	2,680,296.1	2,911,937.8	3,089,034.5	3,352,996.9
B.	Mining and Quarrying	552,613.3	895,691.9	728,039.2	719,109.2	786,861.5
C	Manufacturing Industry	2,432,003.0	2,525,001.5	2,866,667.2	3,132,803.9	3,412,754.0
D	Electricity and Gas Procurement	4,722.5	5,030.4	6,564.4	7,746.2	8,768.4
E	Water Supply, Waste Management, Disposal and Recycling	14,577.2	15,028.6	15,413.8	16,139.9	17,012.7
F	Construction	1,075,514.3	1,126,791.5	1,261,169.8	1,364,453.7	1,433,507.8
G	Wholesale and Retail Trades, Car and Motorcycle Repairs	1,874,519.9	1,927,795.3	2,125,326.5	2,323,970.9	2,511,436.6
H	Transportation and Warehousing	1,004,338.3	1,161,255.5	1,165,303.9	1,273,531.8	1,431,635.2
I	Accommodation and food	124,997.6	134,738.9	150,323.3	166,024.8	177,215.6

J	Information and Communication	84,377.1	93,428.4	110,835.8	119,630.3	123,789.2
K	Financial Service and Insurance	424,138.1	463,589.5	505,105.8	528,433.3	544,339.4
L	Real Estate	163,034.9	176,242.7	187,416.4	204,337.0	214,643.6
M, N	Corporate Services	3,945.4	4,245.3	4,415.5	4,831.2	5,085.4
O	Mandatory Government, Defense, and Social Security	242,865.1	252,338.3	266,570.1	293,187.7	293,552.0
P	Education Services	297,646.9	314,352.8	337,305.3	367,410.5	387,059.9
Q	Health Services and Social Activities	109,520.9	116,988.0	126,686.7	137,636.6	143,108.3
R, S, T, U	Other Services	72,504.6	75,537.5	81,934.2	87,396.2	92,511.8
	Total of GRDP (Million Rupiahs)	11,103,679.2	11,968,352.3	12,851,015.7	13,835,677.8	14,936,278.2

***Source*:** The Central Bureau of Statistics of Kotawaringin Timur Regency, 2017

Based on the data of Gross Regional Domestic Products (GRDP) of Central Kalimantan Province and Kotawaringin Timur Regency on 2010 constant prices, the analysis can be performed as follows:

3.1 Location Quotient Analysis

Location Quotient Analysis is a measure to determine the base or non-base sectors in a region by comparing the economic sectors at lower levels with the economy at higher level, in this case is the comparison between the GRDP values of Kotawaringin Timur Regency with the Central Kalimantan Province. If the result of the Location Quotient analysis value of the sector are greater than one (LQ>1) then, the sector is a base sector that can meet market needs in its own region and outside the region, and can be prioritized as a potential sector. Conversely, if the sector LQ value is smaller than one (LQ<1), then the sector is a non-base sector that can only provide the needs in the area [5].

The technique *Location Quotient* Analysis is used to identify the potential sectors, where the LQ analysis is intended to measure the degree of specialization of economic activities through a comparison approach. In simple formulation, the LQ is formulated as follows [6].

$$LQ_i = \frac{x_{ir} / x_r}{x_{in} / x_n}$$

Where:

x = Sectoral output value

i = sector

r = regional/regency output value

n = provincial output value

Determination of potential sectors is very important for the government because it can be used as a benchmark in determining the base sector prioritized in economic development for further planning programs. The LQ analysis in this study was conducted to determine the potential sectors in Kotawaringin Timur Regency. This action is needed so that the local government can increase the regional income and community welfare through the development of a base sectors or the ones that potentially support the economic growth in regency in order to be able to meet market needs in the region and outside the region.

The results of the LQ values obtained will show economic sectors which are the base and non-base sectors in Kotawarigin Timur Regency. The calculation result of the economic sectors (LQ Analysis) based on the indicators of GDRP in 2012-2016 according to 2010 constant prices in Kotawaringin Timur regency can be seen in Table 3 as follows:

Table 3: Result of location quotient (LQ) Analysis in Kotawaringin Timur Regency (2012-2016)

No.	Working Field (Sectoral)	2012	2013	2014	2015	2016	Information
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
A.	Agriculture, Forestry and Fisheries	1.05	1.03	1.04	1.04	1.07	LQ > 1
B.	Mining and Quarrying	0.29	0.41	0.34	0.32	0.32	LQ < 1
C	Manufacturing Industry	1.52	1.46	1.46	1.49	1.49	LQ > 1
D	Electricity and Gas Procurement	0.77	0.76	0.79	0.71	0.72	LQ < 1
E	Water Supply, Waste Management, Disposal and Recycling	1.48	1.38	1.40	1.41	1.42	LQ > 1
F	Construction	1.15	1.15	1.16	1.13	1.09	LQ > 1
G	Wholesale and Retail Trades, Car and Motorcycle Repairs	1.54	1.51	1.53	1.53	1.53	LQ > 1
H	Transportation and Warehousing	1.58	1.63	1.58	1.51	1.52	LQ > 1
I	Accommodation and food	0.69	0.69	0.71	0.72	0.70	LQ < 1
J	Information and Communication	0.68	0.68	0.71	0.73	0.70	LQ < 1
K	Financial Service and Insurance	1.17	1.17	1.19	1.21	1.14	LQ > 1
L	Real Estate	0.74	0.74	0.73	0.73	0.71	LQ < 1
M, N	Corporate Services	0.96	0.96	0.94	0.95	0.93	LQ < 1
O	Mandatory Government, Defense, and Social Security	0.39	0.37	0.36	0.34	0.33	LQ < 1
P	Education Services	0.62	0.63	0.61	0.60	0.59	LQ < 1
Q	Health Services and Social Activities	0.57	0.59	0.58	0.57	0.55	LQ < 1
R, S, T, U	Other Services	0.69	0.68	0.67	0.66	0.64	LQ < 1

***Source*:** Processed Data, 2018

Based on table 3 above, it can be seen that from the result of the calculation of the LQ value on all economic sectors of Kotawaringin Timur Regency, has 7 (seven) base economic sectors, namely the Warehousing and Transportation sectors; Wholesale and Retail Trades, Car and Motorcycle Repairs sectors; Manufacturing Industry sector; Water supply, Waste management, Disposal and Recycling sectors; Financial Service and Insurance sectors;

Construction sector; and Agriculture, Forestry, and Fisheries sectors; this indicated by the calculation result of the LQ value of the mentioned sectors which is greater than one (LQ>1).

The result of LQ analysis showing the base sectors above means that those sectors have a significant contribution to the economc development in Kotawaringin Timur Regency. Besides, the sectors in this region also have competitive advantage because they are able to compete with other regions/districts in Central Kalimantan by distributing base sector products out of the domestic market. This is the focus of attention for local governments to consider efforts to develop basic sectors optimally to stimulate the regional economic growth.

3.2 Shift-Share Analysis

Shift-share Analysis is a technique used to analyze the structural changes of a regional economy relatively to the higher economic structure (province) as comparison. Shift-Share Analysis is formulated as follows [7]:

1. Real impacts of the economic growth of the district/city or the total of the influence of the provincial growth are:

   Dij = Nij + Mij + Cij

2. Provincial Share (PS) or the influence of provincial economic growth:

   Nij = Eij. Rn

3. Proportional Shift (P) or the influence of industrial mix:

   Mij = Eij (Rin – Rn)

   If the Mij has a positive value (+), it means that the growth of sector i is faster than similar sector at the regional on a higher level; whereas if the Mij has negative value (-), then the growth of sector **i** is slower than the similar sector at the higher regional level.

4. Differential Shift or the influence of competitive advantage:

   Cij = Eij (Rij – Rin)

If the **Cij** has positive value (+), it means that sector **i** has higher competitiveness than similar sector at the regional on a higher level. Conversely, if the **Cij** has negative value (-), it means that sector i has lower competitiveness than similar sector at the higher regional level.

Where:

Dij = Real change of economic growth in sector i in the district/city
Nij = Component of the influences of provincial growth (Provincial Share)
Mij = Component of Proportional Shift
Cij = Component effect of competitive advantage (Differential Shift)
Eij = GDRP (output) of sector i district/city
Rij = Growth rate of district/city sector i
Rin = Growth rate of the provincial sector i
Rn = Provincial growth rate

The formation of economic structure through the development of potential sectors is expected to be able to increase the regional income through the provision of employment and workers in these potential sectors by encouraging the growth of the roles of each sector related to the regional economy.

To determine changes in the structure of the economy in Kotawaringin Timur Regency, the Shift-Share Analysis was performed to support the result of Location Quotient (LQ) analysis. In Table 4 below shows the results of Shift Share analysis which includes the value of the Provincial share, Proportional Shift, and Differential Shift of Kotawaringin Timur Regency, as follows:

Table 4: Shift-Share Analysis of Kotawaringin Timur Regency Year 2012-2016 (Million Rupiahs)

		Provincial	**Proportional**	**Differential**	
		Share	**Shift**	**Shift**	**GRDP**
	Sector/Working Field	**(Nij)**	**(Mij)**	**(Cij)**	**(Growth)**
		(Million Rupiahs)			
A.	Agriculture, Forestry and Fisheries	78,125,805.6	-23,229,168.0	18,167,022.3	73,063,660.0
B.	Mining and Quarrying	16,463,549.7	-3,749,636.7	10,710,907.0	23,424,820.0
C	Manufacturing Industry	72,454,648.4	21,245,231.4	4,375,220.2	98,075,100.0
D	Electricity and Gas Procurement	140,693.5	288,025.0	-24,128.6	404,590.0
E	Water Supply, Waste Management, Disposal and Recycling	434,286.4	-179,440.3	-11,296.2	243,550.0
F	Construction	32,041,905.6	5,881,444.1	-2,123,999.7	35,799,350.0
G	Wholesale and Retail Trades, Car and Motorcycle Repairs	55,846,016.8	-114,408.1	7,960,061.3	63,691,670.0
H	Transportation and Warehousing	29,921,418.0	13,388,468.6	-580,196.7	42,729,690.0
I	Accommodation and food	3,723,949.8	594,513.0	903,337.2	5,221,800.0
J	Information and Communication	2,513,777.0	669,031.8	758,401.3	3,941,210.0
K	Financial Service and Insurance	12,635,994.7	-1,446,240.7	830,376.0	12,020,130.0
L	Real Estate	4,857,163.6	351,635.4	-47,929.0	5,160,870.0
M, N	Corporate Services	117,542.0	-3,637.2	95.1	114,000.0
O	Mandatory Government, Defense, and Social Security	7,235,478.5	1,703,715.6	-3,870,504.1	5,068,690.0
P	Education Services	8,867,547.2	916,256.3	-842,503.5	8,941,300.0
Q	Health Services and Social Activities	3,262,865.3	75,682.7	20,192.0	3,358,740.0
R, S, T, U	Other Services	2,160,069.4	112,251.8	-271,601.3	2,000,720.0
	Total	330,802,711.7	16,503,724.8	52,457,178.3	399,763,614.8

***Source*:** Processed Data, 2018

The result of Shift-Share Analysis on table 4 above shows that during 2012-2016, the economy of Kotawaringin Timur Regency aggregately went through some changes and increase. The value of GRDP increased up to Rp.399.763.614,8. That increase was influenced by Provincial Share component, Proportional Shift, and Differential Shift. According to the Shift-Share Analysis calculation for Provincial Share has affected the economic

growth of Kotawaringin Timur Regency up to Rp.330.802.711,7.

The component of Proportional Shift stated that the extent of regional economic change due to the industrial mix. The result of the analysis shows that the Proportional Shift has a positive impact to the improvement of economic growth in Kotawaringin Timur which is Rp. 16.503.724,8. The positive value on each sector indicate a fast-growing sector; while the negative value indicate a slow growing sector. The composition of sectors that have more positive values than the negative values, indicated that tend to lead to a relatively fast-growing economy.

Shift-Share analysis calculation for Differential Shift shows a positive value for competitive profits, which is Rp.52.457.178,3. The positive value on each sector, indicate that has high competitiveness, while the negative value indicate low competitiveness. The composition of the sectors that have positive values are more than negative values, this indicated that the resulting competitive advantage will improve the economy of Kotawaringin Timur Regency significantly.

3.3 Analytical Hierarchy Process (AHP) Method

The method of Analytical Hierarchy Process (AHP) is an analytical tool with simple mathematical approach and can used to solve the problem of 'decision making' in arranging the policy priorities that are determined based on the assessment/opinion of respondents (in this case, the officers from agencies related to regional development sectors at the location research) [8].

The main purpose of using the AHP method is to capture initial perceptions of potential sector-base development priority. The AHP method can facilitate to solve unstructured and complicated problems, with a clear measurement scale to obtain the priority and logical consideration in determining the priority.

The steps in calculating Consistency Ratio are [9]:

1. Performing matrix multiplication between the priority comparison matrix and priority vector;
2. Performing the comparison between the total calculation of the cell values and each value in each cell on the priority vector;
3. Determining the maximum eigen value (λmax) by comparing the result of the calculation of (b) above the number of the matrix (n);
4. Determining the Consistency Index (CI) with the following formula:

   CI = (λmaks-n) / (n-1)

   Where:
   CI = Consistency Index
   λmax = Eigen value
   n = number of matrix
5. The limit of inconsistency is measured by using Consistency Ratio (CR), which is the comparison of the Consistency Index (CI) with the value of Random Index (RI). Formulated as follows:

   CR = CI / RI

   If the CR value is less than 10%, the inconsistency of the opinions can still be accepted. Scoring to compare one criterion to another is performed freely, and this can lead to inconsistency.

The list of Random Index (RI) Consistency:

n	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
RI	0,00	0,00	0,58	0,90	1,12	1,24	1,32	1,41	1,45	1,49	1,51	1,48	1,56	1,57	1,59

The AHP analysis was performed by considering the analysis result of LQ and Shift Share. Based on the LQ analysis, there are 7 sectors that are basic sectors in Kotawaringin Timur Region, however for the AHP analysis, will be focused on only 3 (three) sectors that have the higher LQ value aggregately during 2012-2016, which are Wholesale and Retail Trades, Car and Motorcycle Repairs sectors; Manufacturing Industry sector; Transportation and Warehousing sectors; to determine the order of priority sectors that will be developed as potential sectors in Kotawaringin Timur Regency.

Considering the regional policy that had been stated through Government of Kotawaringin Timur Regency Regulation Number 138 of 2012 on the Potential Commodities of Kotawaringin Timur Regency [10], and also in document of the Regional Medium-Term Development Plan of Kotawaringin Timur for 2016-2021, which contains the regional division based on the regional potential, then the sectors prioritized by local government tend to be on Agriculture, Forestry, and Fisheries sectors. However, this study will examine the regional potential sectors from non-agricultural, without disregarding the agricultural sector itself, since the main resource of the three sectors analyzed were the raw materials are from agriculture, forestry, and fishery products.

The Analytic Hierarchy Process (AHP) method will make the decision making and the arrangement of priority policies less complicated. In this AHP analysis, there were 4 (four) criteria are determined. These criteria were considered to be related and influence the performance of three prioritized sectors above. The criteria were Added Value, Competitiveness, Investment, and Technology. By determining the order of the prioritized sectors, it will facilitate the local government to determine the direction of developing regional potential appropriately with the aim to encourage the development of regional economic growth.

In this study, the data used to perform the analysis with AHP technique were obtained from the result of interviews and questionnaires related to regional potential, with 5 (five) selected respondents, who were regional officers (Regional Secretary), Heads of relevant agencies (Regional Development Planning Board and the Central Bureau of Statistics), Researcher of Development Economics and Academician. These respondents were considered to have the capacity to engage in decision-making and policy arranging. The scores given by each respondent were considered subjective, meaning in accordance with the perceptions of each respondent. The scores obtained were analyzed by the excel application program.

The calculation result of the AHP can be seen in table 5 below:

Table 5: The Result of the Analytical Hierarchy Process (AHP)

Criteria Sector	Added Value	Competitiveness	Investments	Technology	Total (Analysis Result)	Order of Priority
Wholesale and Retail Trades, Car, and Motorcycle Repairs	0.0264	0.0817	0.153	0.038	0.2991	2
Manufacturing Industry	0.0682	0.0817	0.2754	0.114	0.5393	1
Transportation and Warehousing	0.0154	0.0266	0.0816	0.038	0.1616	3
Consistency Ratio (%)	1,58	0	0,79	0		

***Source*:** Processed Data, 2018

Based on the AHP result in table 5 above, it shows that from the three sectors analyzed, the order of the prioritized sectors are: the first priority is the Manufacturing Industry with a value of 0.5393; then the second priority is Wholesale and Retail Trades, Car and Motorcycle Repairs with a value of 0.2991; and the third priority is transportation and warehousing with a value of 0.1616. Determining the priorities is needed to optimize the achievement of regional development targets with lack of budget and resources.

4. Conclusion

The contribution of Kotawaringin Timur Regency is the largest in the economy of Central Kalimantan Province compared to other 13 other districts/cities in the province. The sectoral analysis was carried out to identify the base and non-base sectors in Kotawaringin Timur Regency by LQ analysis; and to analyze the changes in the structure of the economic sector by Shift-Share analysis; also AHP analysis to determine the order of development priorities in sectors that have high added value and high competitive in order to encourage economic growth and contribute more to the provincial economy.

The analysis result becomes the source of information for the local government in developing the base sectors, particularly the 3 (three) base sectors which are prioritized, namely Wholesale and Retail Trades, Car and Motorcycle Repairs sectors; Manufacturing Industry sector; and Transportation and Warehousing sectors; by arranging some programs to support the prioritized sectors, such as capital assistance programs that can help funding the development of small and medium industries, and home industries; providing marketing access; promoting the potential of local products; and simplifying the bureaucracy in managing licenses of private. Furthermore, in order to gain investments and can open the access to global markets, open employment opportunities and create new working fields, and improve the quality of human resources with supports of technology and innovation in supporting sustainable development and encouraging the improvement of regional economic growth.

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