

CHAPTER I

INTRODUCTION

A. Research Background

Basically, regional development cannot be separated from the national development, in which national development there is one important aspect that will become the final goal of improving people's welfare, called economic development. To achieve a fair and equitable economic development is not light work because in general the economic development of a region is closely related to the economic potential and characteristics it has (Yulianita, 2009).

Economic development is a spontaneous and uninterrupted change. Therefore, economic development cannot be happened itself. Certainly, it requires the efforts of various elements to be able to contribute in providing prosperity for the community. Economic development is related to per capita income and national income. Revenue per capita is the income of the average population of a region while the national income is the value of production of goods and services created in an economy within a period of one year. Increase in national income and income per capita from time to time can be used to determine the rate of economic growth as well as the development level of community welfare of a region. In the sense of economic development that is used as a guide is a process that causes

income per capita population of a society increases in the long term (Suryana, 2000).

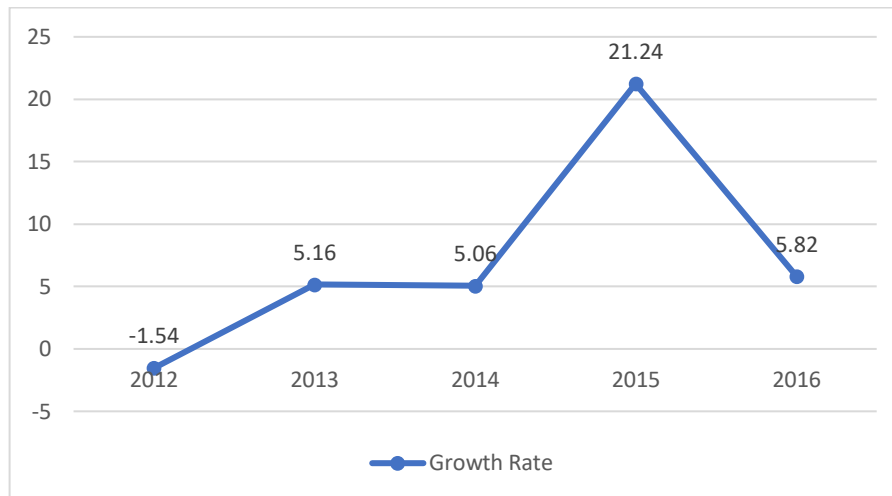
The success of a regional economic development can be measured by several indicators commonly used as a measuring tool. The commonly used indicator is the usual Gross Regional Domestic Product (GRDP) which is usually an indication of economic performance in general as a measure of the progress of a region (Sjafrizal, 1997). Determination of economic development policies in a region must be in accordance with the conditions and facts that exist in the area. In good development planning, there is a careful planning in using the resources and sectors that play a role in the planning process (Basuki & Gayatri, 2009).

The expansion of the territory is one of the embodiments of the decentralization policy applied in Indonesia which is regulated by Law No.22 / 1999 stating that the government system is no longer fully controlled by the central government, and the implementation of the decentralization principle is the transfer of power from the central government to the government regional/autonomous regions in accordance with prevailing laws, which are then revised to Law No.32 of 2004 and Law No. 25 of 1999 on the financial balance between the central and regional governments which then revised into Law No. 33 of 2004 and revision back to Law No. 23 of 2014 on Regional Government.

Due to the existence of regional autonomy, the hope is that local governments can manage their own households to continue to build their regions on condition that the local government and its equipment must work hard in order to achieve what is the goal in economic development. The realization of the delegation of authority to regional governments in the management of their own regions is the division of regions, namely the division of two local governments into new governments in order to make effective local governments that can improve public servants, and bring regional leaders closer to the community.

The regional autonomy is a policy that derives from the regional desire for the division which is then regulated in Government Regulation No.29 of 2000 on the requirements for the formation and criteria for the expansion, elimination, and merger of regions. Therefore, it is, automatically the role of local government as the party in charge of economic development is greater.

West Nusa Tenggara Province is one of the provinces that has unique characteristics by relying on agriculture, forestry and fishery sector, and mining and quarrying sector. This is reflected in the large contribution of the agricultural sector of forestry, and fisheries in the Gross Regional Domestic Product (GRDP) of West Nusa Tenggara Province is very large that reaches 20.95 percent. Economic growth that occurred in 2016 with a rate of 5.82 percent, higher than the national economic growth which reached 5.06 percent.

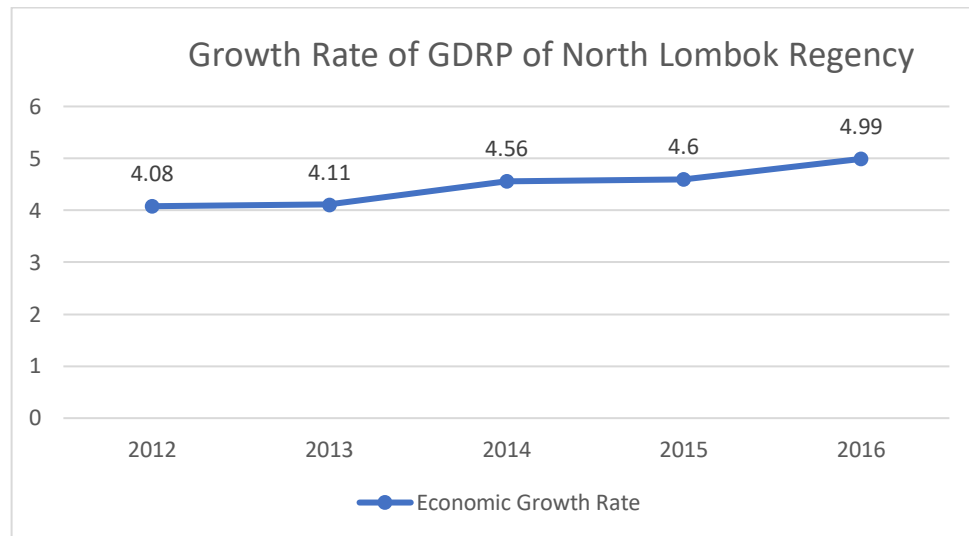


Source: : Central Bureau of Statistics (BPS) West Nusa Tenggara Province, 2017

Figure 1.1
GRDP Growth Rate of West Nusa Tenggara Province
 2012-2016 (percent)

Figure 1.1 above shows during 2012-2016, the economic growth rate of West Nusa Tenggara Province fluctuated. In 2012, the growth rate of West Nusa Tenggara Province by -1.54 percent then continues to increase significantly in 2015, reaching 21.24 percent but in 2016 decreased by 5.82 percent.

North Lombok Regency is one of the districts located among the ten regencies/cities in West Nusa Tenggara Province. North Lombok Regency is a new district established based on Law No. 26 the Year 2008 which is a division of West Lombok Regency. North Lombok Regency is the youngest district in West Nusa Tenggara has an area of 809.53 km², with a population of 214.393 people and geographically located at the northern foot of Mount Rinjani.

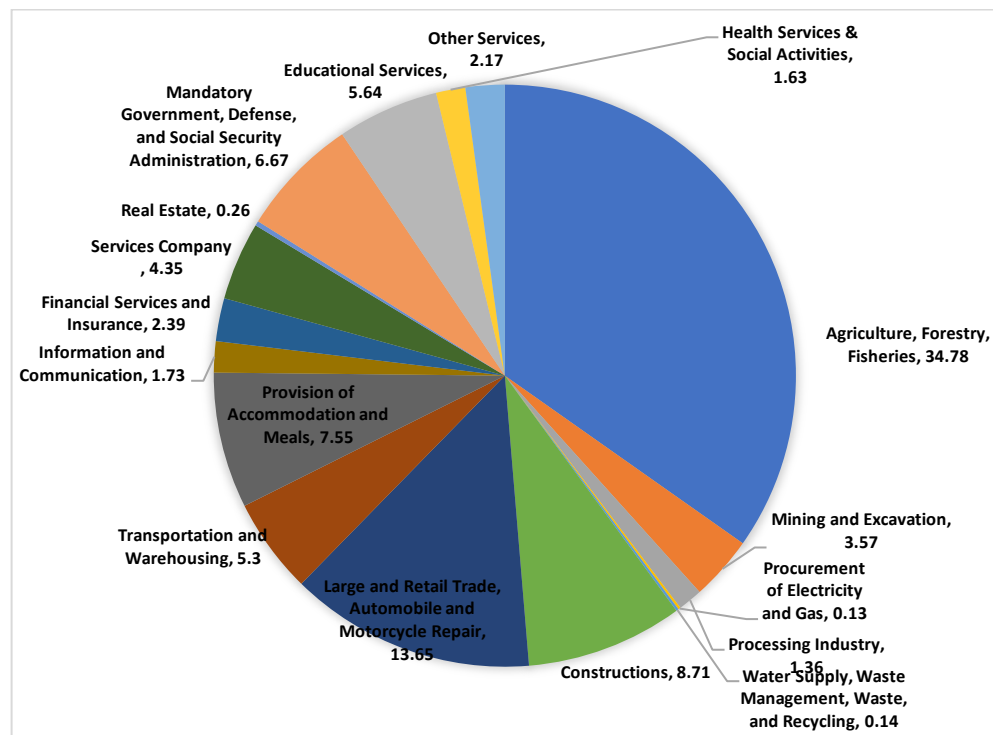


Source: Central Bureau of Statistics (BPS) North Lombok Regency, 2017

Figure 1.2

The Growth Rate of GRDP of North Lombok Regency Year 2016

In view of figure 1.2 economic growth rate of North Lombok Regency in 2012-2016 continues to increase seen from figure 1.2 in the percentage of North Lombok Regency is in the number of 4 percent and above. The economic growth rate of North Lombok Regency in 2012 amounted to 4.08 percent and continues to increase until 2016 at 4.99 percent. Therefore, the growth rate of North Lombok Regency can be said to be stable because it keeps increasing every year.



Source: : Central Bureau of Statistics (BPS) North Lombok Regency, 2017

Figure 1.3

The contribution of Category/Industry to GRDP Year 2016

Categories of agriculture, forestry, and fisheries became the contribution of superior GRDP in West Lombok Regency. In 2016, 34.78 percent of its GRDP is donated from agriculture, forestry, and fisheries. The second is from the trading of retail and retail; repair of cars and motorcycles 13.65 percent and third of the construction of 9.75 percent.

Ongoing economic activity has had an impact on changes in economic structure. In the period 2012-2016 the role of agriculture, forestry and fishery categories have decreased from 37.87 percent in 2012 to 34.78 percent in 2016. Despite its declining role, agriculture, forestry, and fishery remain the economic base of the people of North Lombok Regency given the high absorption in this category.

The selection of North Lombok Regency as the object of research is because North Lombok Regency is a new area experiencing expansion in West Nusa Tenggara Province. Since the division until now can be seen, the area of North Lombok Regency experiencing development that is significant enough with the number of development that is being done either by a local government or private that invest in North Lombok Regency. North Lombok Regency is an area that has potential as a region that can grow large through its superior sectors. This can be seen from the economic growth of North Lombok Regency which continues to increase from year to year.

Based on the background of the above research, the researcher is encouraged to examine more about the economic sectors contained in the District of North Lombok by taking the title of thesis “*Analysis of Leading and Potential Economic Sector in Determining Regional Development (Case Study of North Lombok Regency 2012-2016)*”.

B. Limitations of the Problems

The problems to be studied in this study are only limited to assessing the potential economic sectors that will be able to contribute to development and growth in the area of North Lombok regency with the Gross Regional Domestic Product (GRDP) approach based on the 2012-2016 annual data.

C. Formulation of the Problems

Based on the above background, then in this research can be proposed the formulation of the problem as follows:

1. Which sectors are potential and have prominent growth and act as base and non-base sectors?
2. What sectors are the leading sectors and have a large contribution to the formation of GRDP and development?
3. How is the development of economic shift seen from the development of economic sectors and what sectors have the competitive advantage?
4. What is the classification of growth in each sector and what sectors can be the reference for the future?

D. Research Purposes

The purpose of this research is to know the following:

1. To know which economic sectors are potentially and have a prominent growth and act as the base and non-base sectors.
2. To find out what sectors are excellent and have a major contribution to the formation of GRDP and development.
3. To know the development of economic shifts seen from the development of economic sectors and what sectors that have a competitive advantage.
4. To find out how the pattern of structure and classification of growth of each sector of the economy and what sectors can be a reference for the future.

E. Research Benefits

The benefits to be achieved by the author in the preparation of this study, as follows:

1. For Authors, can add insight in terms of scope of research, especially economic and economic developers of the region so as to compare between theories that have been accepted on the bench lectures and practice directly in the field.
2. For the Community, can provide information directly to the community about the condition of the economy and development in North Lombok Regency.
3. For the Government, can provide information to the government about the condition of the economy in North Lombok Regency in the hope that this research can be a reference for the government for the development of North Lombok regency for the future.