

CHAPTER I

INTRODUCTION

A. Research Background

Economic development is one of the concerns that faced by the government of Indonesia. It makes economic development becomes a tool to major advancement to the region. Sukirno conveyed that economic growth and economic development have a different definition (Sukirno, 1996). Economic growth is the process of increasing output per capita continuously in the long run, and this economic growth is one indicator of a success development. Thus the higher economic growth will increase the welfare of the community. While economic development is a process of change towards conscious and planned improvements to improve people's lives. As the times progressed, economic development began to be interpreted as an effort to increase or maintain per capita income while still showing population growth. Professor Meier explained that economic development is a process of increasing real per capita income over a long period of time. Therefore economic development requires all parties to participate in order to achieve successful economic development in the long term (Adisasmita, 2005).

One indicator to look at people's welfare from the material aspect is through its economic growth rate (Nugraha & Basuki, 2007). Economic growth is also one of the targets in the process of economic development.

Even a country's economic development can be said to increase by only looking at its economic growth. If economic growth increases every year, then economic development also increases (Dhyatmika, 2013).

One of the efforts of the central government in encouraging the acceleration of economic growth in the regions is through legislation, it is Law No. 32 of 2004 Article 1 Paragraph 5 about regional autonomy (Kuncoro, 2013). It said that regional autonomy is the granting of rights, authorities and obligations to the regions to regulate and manage their own affairs and the importance of the local community in accordance with the laws and regulations. This aims to accelerate the realization of public welfare through improving services, empowerment, and community participation and increasing regional competitiveness by taking into account the principles of democracy, equity, justice, privileges and the specificity of an area within the political system of Republic of Indonesia. Regional autonomy also encourages cooperation between one region and another. Regional autonomy allows more developed regions to help weak surrounding areas (Mangun, 2007).

Problems that usually occur in regions that have a weak economic level is in developing the potential of local resources in the development of the economy that is not optimal yet, so that the process of economic development is hampered. In fact, if we want to achieve a better economic change, each region must know at least the potential of its resources and be able to optimize these resources (Ministry of Village, Development of

Disadvantaged Regions, and Transmigration of the Republic of Indonesia, 2010).



Figure 1.1

Map of Lebak Regency

One of region that has weak economy is Lebak Regency. The location can be seen in Figure 1.1 above marked with green colour. Lebak Regency is one of the regencies in Banten Province which has the second lowest growth rate above Pandeglang Regency. This has been going on since Banten

Province has been separated from West Java Province in 2000. However, since then the two regencies have never had a rapid change, when viewed from the aspect of economic growth. Table 1.1 shows data that compares the GRDP (Gross Regional Domestic Product) of regencies in Banten Province in the period of time 2010-2016. GRDP is the amount of value added of goods and services resulting from all economic activities in a region. We also can say that GRDP is a statistic that can measures the size of a region's economy. The GRDP of regencies in Banten Province, 2010-2016 according to table 1.1 can be seen that regency economic growth experienced positive growth over a period of 6 years. Based on data of 2016 the highest GRDP is in Tangerang City followed by Tangerang Regency, Cilegon City, Tangerang Selatan City, Serang Regency, Serang City, Lebak Regency, and Pandeglang Regency. We can expect that Lebak Regency and Pandeglang Regency are included in the bottom two because those two regencies are in the list of underdeveloped area in Indonesia. And from there we can see that Lebak Regency is identified as an underdeveloped area in Indonesia.

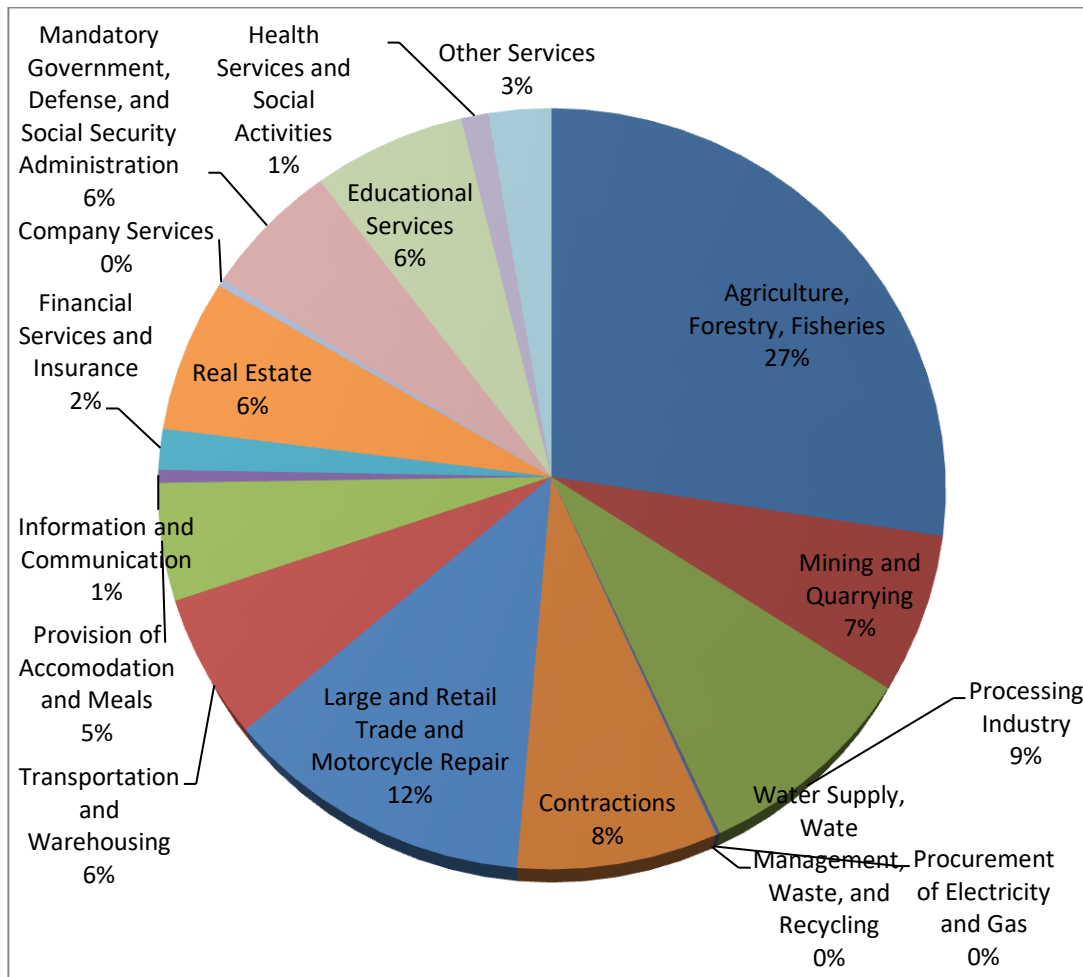
Table 1.1

GRDP at Constant Price Group by Regency/ Municipality in Banten Province, 2010-2016

Regency/ City	GRDP at Constant Price (in million rupiah)						
	2010	2011	2012	2013	2014	2015	2016
Pandeglang Regency	12,279,541.58	12,984,402.49	13,738,882.22	14,378,883.39	15,097,104.74	15,996,631.86	16,875,506.64
Lebak Regency	12,572,538.49	13,325,628.83	14,006,208.92	14,887,987.22	15,756,246.97	16,670,889.38	17,620,567.85
Tangerang Regency	58,099,418.94	62,022,491.45	65,848,281.34	70,065,983.24	73,828,348.71	77,782,306.59	81,923,991.73
Serang Regency	33,840,990.22	35,905,342.55	37,849,643.03	40,136,684.29	42,300,934.77	44,425,318.51	46,646,862.05
Tangerang City	66,921,378.13	71,864,142.19	76,945,925.61	81,965,314.58	86,183,522.76	90,881,414.30	95,621,889.52
Cilegon City	44,676,528.71	47,633,317.63	51,300,205.69	54,732,934.32	57,261,922.79	59,996,736.87	63,028,888.34
Serang City	12,549,572.23	13,595,691.03	14,604,636.95	15,670,783.99	16,745,083.89	17,799,006.49	18,906,101.72
Tagerang Selatan City	30,525,314.92	33,214,822.74	36,091,808.68	39,251,538.48	42,411,467.14	45,465,202.69	48,637,384.73
Banten Province	271,465,283.23	290,545,838.92	310,385,592.47	331,099,105.50	349,351,227.66	368,216,545.90	387,595,366.12

Source: Central Bureau of Statistics of Banten Province 2017

According to Presidential Regulation Number 131 of 2015 concerning Determination of Underdeveloped Areas in 2015 – 2019, Lebak Regency is included in the lists of 122 underdeveloped areas in Indonesia. It leads the researcher selects Lebak Regency as the object of research because underdeveloped areas do not mean without potential. Lebak Regency is an area that has a lot of potential, both in terms of superior commodities and location. When viewed from the aspect of superior commodities, Lebak Regency is a regency whose the economy is supported by the agricultural sector with its superior products namely food crops such as rice, corn, sweet potatoes and vegetables. The potential of the location aspect is that Lebak Regency is located in a strategic place which is closed to Jakarta, Bogor, Depok and Sukabumi.



Source: Central Bureau of Statistics of Banten Province 2018

Figure 1.2

Contribution of Category/ Industry of GRDP (Gross Regional Domestic Product) in 2017

The figure 1.2 above is the contribution of category/ industry of GRDP in 2017. It shows that agriculture, forestry, and fisheries sector contributes the biggest to the GRDP of Lebak Regency with 27%, followed by Large and Retail Trade, Automobile and Motorcycle Repair with 12%, Processing

Industry with 9%, Contractions with 8%, Mining and Quarrying with 6%, Education Services with 6%, Real Estate with 6%, Transportation and Warehousing with 6%, Mandatory Government, Defense, and Social Security Administration with 5%, Provision of Accommodation and Meals with 4%, other services with 2%, Financial Services and Insurance with 1%, Health Services and Social Activities with 1%, Information and Communication with 0.55%, Company Services with 0.32%, Procurement of Electricity and Gas with 0,11%, and the least contribution is from Water Supply, Waste Management, Waste, and Recycling with 0,05%. The primary sector such as the agricultural sector sustains a fairly high economy compared to the secondary sector such as the processing industry. This shows that the people of Lebak Regency have not been able to provide value added to primary sector products. One of the factors that influence is because the Lebak Regency government is focused on the agricultural conditions in Lebak Regency. Even the regional government maintains the availability of agricultural land in its spatial policy.

However, it turns out that the problems faced by disadvantaged regions in general are not optimal yet in developing the potential of local resources in the economy (Ministry of Village, Development of Disadvantaged Regions, and Transmigration of the Republic of Indonesia, 2011). Evidenced by its various potentials, Lebak Regency is still a relatively underdeveloped regency (Dhyatmika, 2013). Therefore, the study of regional

development efforts, especially the development of regions in the economic field through the determination of economic potential related to leading sectors is necessary.

The researcher is encouraged to examine more about the potency of all of sectors that support the economy in Lebak Regency by taking the title **“Analysis of Potential Economic and Leading Sector in Determining Regional Development Planning (Case Study of Lebak Regency 2013-2017)”**

B. Limitation of The Problem

The scope in the economic development sector is very broad, it leads the researcher to limit the discussion of problems in potential economic sectors that can support the development and growth in Lebak Regency using GRDP of Lebak Regency based on 2013-2017 annual data approach.

C. Formulation of The Problem

According to the description above, researcher conducts the formulation of the problem as follows:

1. Which sectors that have competitive advantage?
2. Which sectors are included in leading sectors?
3. How is the contribution and growth in each sector?
4. What is the response of the growth of sector in Lebak Regency to the growth of the sector in Banten Province?

5. Which sectors have developmental prospect in the future? And what is the classification of growth in each sector?
6. What is the strategy for developing superior and non-superior sectors for regional development?

D. Research Purposes

1. To find out the sectors which have competitive advantage.
2. To know what sector that is included into leading sector.
3. To find out the contribution and growth in each sector.
4. To find out the response of the growth of sector in Lebak Regency to the growth of the sector in Banten Province.
5. To know what sectors that have developmental prospect in the future and also figure out the classification growth in each sector.
6. To know the strategy for developing superior and non-superior sectors for regional development.

E. Research Benefits

The results of this study are expected to be a source for further research, information and guidelines for policy makers and other researchers interested in the same field, they are:

1. Making it easier for the Lebak Regency Government to make plans for regional economic development policies based on the economic potential and typology of Lebak Regency.

2. As the information material to be considered by the Lebak Regency government regarding to the performance of each sector.
3. Adding references to economic growth in an area to be used as a basis for consideration of subsequent studies.