# THE ANALYSIS OF LEADING ECONOMIC SECTOR AND ECONOMIC GROWTH IN PEMALANG DISTRICT YEAR 2010-2016

## ANALISIS SEKTOR EKONOMI UNGGULAN DAN PERTUMBUHAN EKONOMI DI KABUPATEN PEMALANG TAHUN 2010-2016

#### **UNDERGRADUATE THESIS**

In partial fulfillment for the requirement for the degree of Bachelor of Economics at International Program for Islamic Economics and Finance



Written By:

DEWO ARIHUTOMO 20130430305

INTERNATIONAL PROGRAM FOR ISLAMIC ECONOMICS AND
FINANCE (IPIEF)

FACULTY OF ECONOMICS AND BUSSINESS UNIVERSITAS MUHAMMADIYAH YOGYAKARTA

2018

**DECLARATION** 

Name : Dewo Arihutomo

Student Number : 20130430305

relevant academic consequences.

I hereby declare that this undergraduate thesis entitled: "THE ANALYSIS OF LEADING ECONOMIC SECTOR AND ECONOMIC GROWTH IN PEMALANG DISTRICT YEAR 2010-2016" does not consists of any content that ever being proposed for any degree in order university, ideas of any study and publication of others, in exception all quotes and ideas which are purposely taken are considered as the research references and listed in the reference list. Therefore, if any violation of intellectual right is found in this research, I agree to accept any

Yogyakarta, 26<sup>th</sup> November 2018

Materai, 6.000,-

Dewo Arihutomo

## **MOTTO**

"Great Men are not Born Great. They
Grow Great."

This Undergraduate Thesis is Dedicated to My Beloved Family, Papa, Mama, and My Brother

#### ACKNOWLEDGEMENT

#### Bismillahirrahmanirrahim

In the name of Allah, the most Merciful, the most Gracious. All praise is due to Allah; we praise Him, seek His help, and ask for His forgiveness. I am thankful to Allah, who supplied me with the courage, the guidance, and the love to complete this thesis. Also, Peace and salutation always ne to the Prophet Muhammad peace be upon him altogether with his accompanies.

This undergraduate thesis entitled "THE ANALYSIS OF LEADING ECONOMIC SECTOR AND ECONOMIC GROWTH IN PEMALANG DISTRICT YEAR 2010-2016" has been made as partial fulfillment for the requirement to achieve the bachelor degree of economics. So that, I would like to thank all people who have contributed and special appreciation to the parties. In particularly they are:

- My eternal sunshine, mi amor, my mother Sulastri and my number one man, my father Sugiharto thank you for being patient and sincere in caring and educating me with affection until this moment. I hope with the completion of this thesis can make both of you proud.
- My bigger brothers, Bimo Harioseto and Dikko Pratomo Setiadji, men who always lead me upfront and got my back day in day out, I love you guys so much.
- 3. Bp. Agus Tri Basuki, S.E., M. Si., and Bp. Susilo Nur Aji Cokro Darsono, S.E., MRDM., as supervisors who have been patient to guide until the point of this thesis is completed.
- 4. Irmalia Afrianty, with her endless support and affection, so I can finally finish this thesis.
- 5. Amarilys Gang, Galih, Gepe, Bintang, Jony, Faqih, Nauval, Erdin, and many more whom I cannot mention their names one by one. You guys rock my "Jogja World". I wish for your success.
- 6. Dearest family of IPIEF 2013 who have been the best classmates I could ever ask for. I am happy to meet and recognize you all from the first semester

Your success story now becomes my motivation to give my best. Really wish to meet you all again in the near future.

- 7. My housemates, Adi Prayitno and Gerry Prasetyo. Even though we went through some hard times, you guys always have my back. See you guys on the other side!
- 8. For all lecturers and staff of IPIEF who have provided outstanding supplies and lessons and all parties who have provided support either directly or indirectly and encouragement to this thesis can be resolved.

In closing, in this paper there are still many errors and shortcomings, therefore it takes criticism and suggestions that build for better result.

Yogyakarta, October 28<sup>th</sup> 2018

Dewo Arihutomo

### **TABLE OF CONTENTS**

TITLE PAGEi
PAGE OF RATIFICATION ii
PAGE OF AUTHORISATIONiii
DECLARATIONiv
MOTTOv
ABSTRACTvii
INTISARIvi
ACKNOWLEDGMENTix
TABLE OF CONTENTSxi
LIST OF TABLExv
LIST OF FIGURExv
CHAPTER I PRELIMINARY
A. Background1
B. Formulation of The Problem
C. Research Purposes
D. Benefits of Research
CHAPTER II LITERATURE REVIEW
A. Theoretical Framework9
1. Definition of Leading Sector
2 Determination of Leading Sector Criteria 10

	3. Concept of Development and Economic Growth	12
	4. Regional Economic Development	15
	5. Changes in Regional Economic Structure	17
	6. The Economic Base Theory	18
	7. Gross Regional Domestic Product (GRDP)	19
	8. Development of Underdeveloped Sector and Potentia	l
	Sector Being a Leading Sector as a Regional Developmen	t
	Strategy	22
B.	Previous Researches	25
C.	Research Framework	29
CHAPTER III I	RESEARCH METHODOLOGY	31
A.	Types and Sources of Data	31
В.	Research Variables	31
C.	Data Analysis Method	35
	1. Shift Share	35
	2. Location Quotient	38
	3. Klassen Typology	40
	4. Growth Ratio Model/Growth Ratio Model	41
	5. Overlay Analysis	43
D.	Operational Definition of Variable	43
	1. Economic Potential	43
	2. Gross Regional Domestic Product (GRDP)	44
	3. Economic Growth	44

	4. P	er Capita Income	. 44
	5. E	conomic Sector	. 45
	6. E	conomic Activity	. 45
CHAPTER IV R	RESEA	RCH RESULT AND DISCUSSION	. 46
A.	Gener	ral Description of Research Project	. 46
B.	Resul	t and Discussions	. 49
	1. L	ocation Quotient (LQ)	. 49
	2. S	hift Share	. 53
	a.	Agriculture, Forestry and Fisheries	. 61
	b.	Mining and Excavation	. 62
	c.	Processing Industry	. 63
	d.	Electricity and Gas	. 65
	e.	Water Supply, Waste Management, and Recycling	. 66
	f.	Construction	. 68
	g.	Wholesale and Retail Trade	. 69
	h.	Transportation and Warehousing	. 71
	i.	Provision of Accomodation and Meals	. 72
	j.	Information and Communication	. 74
	k.	Financial Services and Insurance	. 75
	1.	Real Estate	. 77
	m	. Company Services	. 78
	n.	Mandatory Administration of Government, Defense and	
		Social Security	. 80

	o. Educational Services	81
	p. Health Services and Social Activities	83
	q. Other Services	84
	3. Klassen Typology	86
	4. Metode Rasio Pertumbuhan (GRM)	89
	5. Overlay	92
CHAPTER V C	ONCLUSIONS AND RECOMMENDATIONS	96
A.	Conclusions	96
B.	Recommendations	98
REFERENCES		

**APPENDIX** 

## LIST OF TABLE

Table 1.1 Pemalang District's GRDP Based on Constant Market Prices (in Million	
Rupiah)	. 6
Table 2.1 Previous Researches	. 26
Table 3.1 Economic Sector Classification According to Klassen Typology	. 42
Table 4.1 Role of Each Sector in the Growth Rate of GRDP 2015 & 2016	. 49
Table 4.2 Coefficient of Location Quotient (LQ) of Pemalang District 2010-2016	. 52
Table 4.3 Calculation Results of Pemalang District Shift Share 2010-2016	. 58
Table 4.4 Pemalang District GRDP Sector Classification	. 88
Table 4.5 Pemalang District GRM Calculation Result 2010-2016	. 91
Table 4.6 Result of Pemalang District Overlay Analysis 2010-2016	94

## LIST OF FIGURE

Figure 2.1 Research Framework	. 31
Figure 4.1 Comparisson of Economic Growth in Pemalang District & Central Java	
Province 2013-2016 (Percent)	. 48