THESIS

**ANALYSIS OF THE LEADING POTENTIAL SECTOR OF
AGRICULTURE IN SOUTH SUMATERA PROVINCE
2015-2019**

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SUMMARY

CHINDY TRIA MIRANDA. Analysis of The Leading Potential Sector of Agriculture in South Sumatera Province 2015-2019 (Supervised by **DESSY ADRIANI** and **MUHAMMAD ARBY**).

Economic development of a region can be achieved by increasing the number of leading sectors in an area that can increase and encourage other sectors. South Sumatra is an area where most of the population work in the agricultural sector. Therefore, this research needs to be done to improve the economy and regional development in South Sumatra. The purpose of this study are (1) To Analyze the agricultural sector in determining which sectors are superior in South Sumatra Province, (2) To Analyze which sub-sectors are valuable or superior in the agricultural sector in South Sumatra Province, (3) To Analyze competitiveness in the agricultural sector in South Sumatra Province , and (4) To Analyze the contribution of the agricultural sector to the economic growth of South Sumatra Province. This research was conducted in South Sumatra Province and was conducted from December 2020 to January 2021. The Loqation Quotient (LQ) method showed that the agricultural sector is one of the sectors that are valuable or superior in the economic sector of South Sumatra Province in 2015-2019 with an average LQ value of 1,50 (LQ> 1). The LQ method also showed that there were 3 out of 7 sub-sectors in the agricultural sector in South Sumatra Province in 2015-2019 which have a basic value, namely the forestry and logging sub-sector with an average LQ value of 2.09, the plantation sub-sector with an LQ value an average of 1.31 and the agricultural and hunting services sub-sector with an average LQ value of 1.30. The competitiveness and contribution of the agricultural sector in South Sumatra Province is obtained by calculating using Shift Share Analysis, the results of the agricultural sector competitiveness were negative, namely -3,636.28 billion and -7.53 in percent. The quadrant position of the agricultural sector in South Sumatra Province is in 3rd quadrant in the growth profile of the economic sector. It meant that the agricultural sector in the South Sumatra region had non-progressive growth or the agricultural sector is classified as slow growth. It was stated that the agricultural sector did not make a dominant contribution to the GRDP of South Sumatra.

Key words: competitiveness, contribution, loqation quotient analysis, shift share analysis.

THESIS

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2015-2019

This thesis was written to fulfill one of the requirements to accomplish a Bachelor's Degree in Agriculture At The Faculty Of Agriculture, Sriwijaya University

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APPROVAL SHEET

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THESIS

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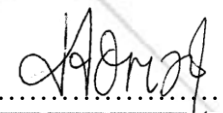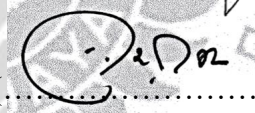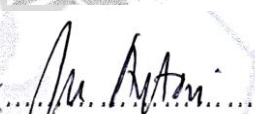**NIP. 19741226200122001**   **NIP. 197711022005011001**

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BIOGRAPHY

The author's name is Chindy Tria Miranda, called Chindy. Place and date of birth in Prabumulih & July 18, 1999. The author is the 3rd child of 3 sisters. The son of Zulkarnain's father and Erni Erlita's mother. The occupations of the author's parents are members of the National Police and housewife. The author's address is on Jl. Putri Rambut Selako, Gang Salam, Alexander boarding house in Kemang Manis, Palembang. Address's Parents on Jl. Ki Hajar Dewantara, Growing House, Muara Enim.

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The author realizes that in writing this thesis there are still many shortcomings and mistakes. Therefore, the writer expects constructive criticism and suggestions in this final project or thesis so that mistakes will not be repeated in the next thesis writing. The author hopes that this thesis can be useful and broaden the horizons for readers and writers.

Indralaya, March 2021

Writer

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INTRODUCTION

1.1.Background

Economic development and regional planning are very important in the era of autonomy. As time goes by, the development of globalization and regional disparities makes competition between regions very fast and spurs regions to increase their regional advantages and competitiveness in order to improve the welfare of their people. A series of efforts and policy makers in order to expand the value of life in society, create jobs, equalize a community's income, promote linkages between regional economies and divert an economic activity from the main economy to secondary and tertiary, that is what is meant by economic development, where the direction of economic development is of this economic development is to manage the area so that the income of the community increases, followed by an increase in the best possible distribution. Statistical data on national or regional income needs to be periodically presented in order to provide an overview of the level and achievement of community growth and income in a region.

Every nation is constantly discussing opinions about how development should be carried out because the government is faced with an adverse situation, where half of the population is struggling with food and living below the poverty line. Until the main thing that needs to be addressed is the development of productivity in the sector, especially in the agricultural sector. Because an important development goal at the beginning of this independence was to pursue economic growth (Saragih, 2015).

Economic growth is a measurement tool in the process of regional or regional development and development in various types of economic sectors that create economic change. Regional PDRB is the total value of production of all services and goods that exist in a country in the domestic area due to various economic activities with a specified period of time, regardless of whether the resident production factor or non-resident production factor is residents. In measuring regional economic improvement, GRDP can be interpreted as the main

indicator. The table below shows the contribution of South Sumatra's GRDP from 2015 to 2019.

Table 1.1. South Sumatra Gross Regional Domestic Product (GRDP) at 2010 Constant Prices by Field of Business (Billion IDR), 2015-2019

No.	Business Fields	Year				
		2015	2016	2017	2018	2019
1.	Mining	72,348.62	69,757.68	73,673.2	84,939.77	93.532,21
2.	Industry Manufacture	60,905.27	67,028.8	74,900.28	81,925.01	88.089,94
3.	Agriculture, Forestry , and Fisheries	56,841.72	59,090.07	60,507.65	62,124.86	65.521,47
4.	Wholesale Trade and Retail	35,087.61	41,329.07	47,557.22	54,322.42	61.680,21
5.	Construction	41,746.65	46,360.76	50,682, 61	54,494.83	56.906,62
6.	Housing/Real Estate	9,335.22	10,580.05	11,596.64	12,901.15	14.462,11
7.	Information and Communication	8,309.1	9,415.5	10,627.82	11,943.21	13.177,44
8.	Government Administration, Defense and Mandatory Social Security	12,547.26	12,242.66	12,098.34	11,959.46	12.100,89
9.	Transportation and Warehousing	6,903.63	7,811.74	8,854.64	9,949.73	11.246,82
10.	Financial and Insurance Services	8,500 ,4	9,423.74	10,081.69	10,640.92	10.724,95
11.	Education Services	8,959.01	9,278,74	9,463.37	9,899.24	10.681,04
12.	Provision of Accommodation and Food and Drink	4,687.43	5,527.72	6,263.42	7,396.81	8.938,46
13.	Services Others	2,508.56	2,613.67	2,794.96	3,178.14	3.598,13
14.	Health Services and Social Activities	2,056.26	2,167.85	2,365.74	2,479.31	2,822.62
15.	Corporate Services	367.02	410.74	459,95	529,79	615,14
16.	Electricity and Gas Procurement	301.12	426.49	493.32	536,9	575,06
17.	Water Supply, Waste Management, Waste and Recycling	360.82	401.68	444.86	501,98	559,65
	GRDP	331,765.7	353,866.96	382,885.7	419,723.51	455,232.78

Source: Central Bureau of Statistics of South Sumatra Province, 2015-2019.

Based on table 1, there are 5 economic sectors according to business fields that clearly make a big contribution in South Sumatra Province, namely the mining sector with a value of IDR 93,532.21 in 2019, both in the manufacturing sector of IDR 88,089.94 in 2019, the third was in the agricultural sector of IDR 65,521.47 in 2019, all four were in the wholesale and retail trade sector of IDR

61,680.21 in 2019 and the last one is in the construction sector with a value of IDR 56,906.62 in 2019. Regional development can occur if the above sectors can be managed properly, one of the sectors that can build regional development in South Sumatra Province is the agricultural sector.

The largest contribution in the formation of the GRDP of South Sumatra Province in 2019 was occupied by 5 sectors. The agricultural sector is one of the biggest roles in the formation of the GRDP of South Sumatra Province in 2019 although there has been a decline from 17.13 percent in 2015 to 14.39 percent in 2019. The presentation of percentage data is presented in Table 1.2 below.

Table 1.2. Distribution of South Sumatra's Gross Domestic Product Percentage at Current Prices by Field of Business, 2015-2019

No.	Business fields	Years				
		2015	2016	2017	2018	2019
1.	Mining and quarrying	21.81	19.71	19.24	20.24	20.55
2.	Processing industry	18.36	18.94	19.56	19.52	19.35
3.	Agriculture , forestry and fisheries	17.13	16.70	15.80	14.80	14.39
4.	Wholesale and retail trade	10.58	11.68	12.43	12.94	13.55
5.	Construction	12.58	13.10	13 .24	12.98	12.50

Source: Central Bureau of Statistics of South Sumatra Province, 2015-2019.

The agricultural sector belongs to the category of sectors that have an impact and provide a large enough contribution to economic growth. In the last five years, namely in 2015-2019, the composition of the South Sumatran economy was occupied by business fields with 5 types, namely: Mining and Quarrying; Industry in Processing; Agriculture; Wholesale tarde; and Construction. In 2019, there were 3 main categories, each growing by 8.27% (Mining and Quarrying); 4.85% (Processing Industry); 3.22% (Agriculture, Forestry and Fisheries) (Central Bureau of Statistics South Sumatra, 2019).

Regional economic development, especially the South Sumatra region, must have a strategy or steps taken so that it can be realized. One of the strategies in economic development to increase advanced economic growth is that several

existing sectors are supporting good competitiveness, especially in the agricultural sector. In implementing good competitiveness, we must first know which sectors have basic values or which sectors are superior in the region. Determine if the agricultural sector has a basic value or not, then the *Location Quotient* (LQ) analysis tool is the right analytical tool to use.

The *location quotient* (LQ) method is the right indicator to compare the area share of a particular activity with the area share of the entire phenomenon. The general variables used are employment, income (GDP), then expanded to other variables, such as the amount of production, planted area, and others. LQ describes the comparative advantage in producing goods in a certain area. If LQ> 1 or value (+), the sector is relatively superior or the basic value compared to the area, and vice versa, if LQ <1 or value (-), then the regional sector is relatively not superior (Saragih, 2015).

Shift Share Analysis (SSA) using the market share growth formula (PPW) is useful to determine whether the competitiveness of the agricultural sector in South Sumatra is good or not. SSA can be used to analyze the economic structure of a region based on the absorption of labor and its contribution to GRDP. There are 3 growth concepts in the transformation share analysis, namely National Growth (PN), Proportional Growth (PP), and Regional Share Growth (PPW) (Saragih, 2015).

Economic development of a region can be achieved by increasing the number of superior departments in a region, which can improve and encourage other departments. South Sumatra is an area with a lot of people working in agriculture. Therefore, it is necessary to conduct research using *Location Quotient Analysis* (LQA) and *Shift Share* (SS) analysis in finding the superior potential and competitiveness of the agricultural sector of South Sumatra Province to improve the economy. This is the basis for this research with the title, namely: "Analysis of the Leading Potential Sector of the Agricultural in South Sumatra Province ".

1.2. Problem Statement

From the explanation of the background above, it can draw the problems that exist in it, here is the problem statement in this study:

1. Can the agricultural sector occupy the leading sector in South Sumatra Province?
2. What are the sub-sectors in agriculture that have basic or superior value?
3. Is the competitiveness of the agricultural sector in South Sumatra quite good?
4. Does the agricultural sector make a major contribution to the economic growth of South Sumatra Province?

1.3. Research Objectives

From the problem statement obtained, the objectives of this research are as follows:

1. Analyzing the agricultural sector in determining the leading sector in South Sumatra Province.
2. Analyzing which sub-sectors have basic or superior value in the agricultural sector of South Sumatra Province.
3. Analyzing the competitiveness of the agricultural sector in South Sumatra Province.
4. Analyzing the contribution of the agricultural sector to the economic growth of South Sumatra Province.

1.4. Research Uses

The uses obtained in this study are as follows:

1. Can provide information for the South Sumatra Government in order to help economic growth based on the leading agricultural sector in South Sumatra Province.
2. Can be used as reference material and input for those who need it.
3. Become a material to support a more advanced economic movement in South Sumatra Province.

CHAPTER 2
LITERATURE REVIEW

2.1. Literature Review

Literature from various kinds of libraries and can be used as guidelines when writing articles are called literature reviews. The use of library resources in this study can be used as a reference source related to research, and it is necessary to obtain guidelines and comparisons based on additional questions and data in the study. It is hoped that this research can be used to explore data related to the problems to be discussed. Based on this document, a search for data, concepts and theories related to the problem to be discussed is carried out.

2.1.1. Conception of Regional Economic Growth

A method in the development of production power to meet additional output as measured by GDP and GRDP of a region is called economic growth. Economists believe that economic growth describes an indicator of a region's economic progress. On this basis, each region seeks to increase its economic growth rate, one of which is by investing in the infrastructure sector and other sectors that have economic value (Seran, 2016).

Economic growth depends on growth in domestic consumption, investment, government spending and net exports on the demand side. Among the factors of economic growth, the domestic consumption variable is the biggest supporter of economic growth. Domestic consumption and net exports are also expected to be feasible in the future as a source of economic growth (Saragih, 2010).

Experts define economic growth as similar to growth in gross domestic product (GDP) or gross national income (GNI), regardless of whether the growth rate is wider or smaller than the growth rate or population growth rate, or whether the country's economic structure has changed. According to experts, economic growth or economic development is defined as GDP growth or PN. The term economic growth is used to reflect the economic development of developed

countries, and economic development in developing countries refers to the economic development of developed countries in a broader context (Hasan, 2019).

2.1.2 Conception of Regional Economic Development

A series of efforts and regulations to promote the quality of life of local communities, expand networks in employment, equitable distribution of community income, as well as to promote regional economic ties or ties by making a transition to the process of economic activity which was initially primary industry to secondary and tertiary industry is a process of economic development. This economic development guideline is to encourage people's income to increase, accompanied by a good level of equity (Central Bureau of Statistics, 2019).

Regional development is a regional effort that aims to increase and balance people's income, employment, business areas, development of access and quality of public services, as well as regional competitiveness. In regional development in developing countries, it can be seen from their economic growth (Rahayu, 2018).

The role of agriculture is considered silent, and is considered the agricultural sector in traditional economic development. The main function of agriculture is simply to be a promoter of sufficient labor and cheap food for a thriving industrial economy, and it is called the "prime sector" that participates in the overall economic development plan. (Todaro, 2011).

The development of the agricultural sector can also support regional economic development. Increasing food reserves and renewing access or purchasing power of food is an implementation of development in the agricultural sector that has succeeded in encouraging food security (Arifin, 2013).

The scope of economic development in a small sense is how people develop their economic activities and how they increase their income, while overall development includes ways in which social, political, and cultural development can be realized properly. In these constraints, the concept of economic development in other words is defined as a system or process. In the long term, this will lead to the development of the income per capita of the

population. Based on this definition, economic development has three important characteristics, namely a constant process of change; efforts to increase per capita income in the long term, where income must continue to increase (Hasan, 2019).

The development of a large industrial economy will not only have an effect on the speed of economic growth, but will also have an effect on a fundamental shift in the economic order. These economic developments bring a zone in a better direction (Zaini, 2019).

2.1.3. Indonesia's Gross Domestic Product (GDP)

Gross Domestic Product (GDP) is the total production of all products or services from inputs to final outputs produced in a national economy with a specified grace period. In other words, GDP is the total expenditure or total income in a country's economy (Cerdasco.com, 2020).

Growth in the production of services and goods within a certain period of time in a region becomes one of the characteristics or measuring tools in economic development in a country, where the production process can be measured to a concept, namely the concept of *value added* or commonly referred to as the concept of added value. driven and obtained from the existing economic sector in an area which can also be called Gross Domestic Product. The GDP can be used as an indicator to assess the economic performance of a country and can be used as an example of the government's success in encouraging the country's economy (BPS Indonesia, 2019).

2.1.4. Gross Regional Domestic Product (GRDP) of South Sumatra Province

Gross Regional Domestic Product (GRDP) is total value of production in an area of an existing service and goods, starting from the input value to the output value of a product. To meet the value of GRDP, there are 3 types of approaches, namely, the production process, the expenditure approach, and income which is presented with data on the basis of current prices and constant prices, where GRDP at current prices is known as nominal GRDP which is composed of prices prevailing in the country calculation period and has the aim of seeing the economic structure of a region. GRDP on the basis of constant prices

the formation of its value is based on the base year price which is useful for calculating an economic growth (BPS Province of South Sumatra, 2019).

2.1.5. Basic Economic Theory

The basic economic theory is that the increase in economic speed in a zone is determined by the number of sectors exported from the zone. There is a breakdown of the types of sectors in this theory, namely the base sector and the non-base sector (Qomariyah, 2019).

Harry (in Prishardoyo, 2008) stated that the demand for goods and services outside the region is associated with the main regional economic growth assessment. The theory of economic basis (*economic basis*) means a complex socio-economic system related to its territory. This theory forms the basis for the technical view of *location quotient* (lq), and technical support determines the export capacity of the regional economy and the level of independence of the sector.

The shift in the economic structure of a region is one of the targets for long-term regional economic development. When viewed from the capacity, all sectors have different growth capacities from others. Therefore, designers will generally exploit a sector that has a base value that is believed to be able to advance the economy (Arief, 2010).

Glasson (in Zaini, 2019) states that basic activities are activities of exporting services or goods outside the economic line of the community/selling services and goods to people who are outside the economic boundaries of the people who are within their territory. While the non-basic theory is an activity that supplies commodities needed by the community to live during the economic range of the community concerned. The main market is the local market, and all of its sales activities do not export manufactured goods. The implicit relationship of these activities is the causal relationship that forms the basis of economic theory.

2.1.5.1. Location Quotient (LQ)

An example of a marker that can illustrate the presence of the base sector is through the LQ (Location Quotient) index where this marker intends to be able

to see how an upper region provides support to the region below it by showing how many basic sectors are in that region. In the regional economic literature, the sector with LQ> 1 is the base sector and plays a role in the export of regional power to products outside the region concerned. If LQ <1, it is stated that the sector is an importer. If the LQ value = 1, it means that the sector does not carry out any transaction activities outside the region, meaning that the sector has a tendency to close, but this situation is difficult to find in the regional economy (Arief, 2010).

The Location Quotient (LQ) method is an indicator that compares the share of an area for a particular activity with the share of an area for several aggregate events. LQ can be used to see the concentration and/or distribution of production activities in an area. Initially, the variables commonly used are employment, income (GDP), then expanded to other variables, such as crop yields, planted area, etc. LQ explains the comparative advantage in producing goods in a certain area (Saragih, 2015).

To calculate the export capacity of an economy (region) and determine the degree of independence of a particular sector in the regional economy, the LQ method is used. In the calculation process, LQ compares an economic condition of the former area with that of the wider region. This method is relatively easy, where the process is quite simple, the data used is also not much, so it is easy to complete (Zaini, 2019).

2.1.6. Theory of Growth Components

Setiono (in Wati, 2019) The Growth Component is divided into 2 parts, namely shift and share. Component shift proves that there is a deviation, and the deviation is divided into 2 types of deviation, namely proportional deviation and differential deviation. Proportional shift or in other words is a structural component which means an element that is used in calculating the shift in the growth order in each regional sector with the national territory. If proportional is positive, it means that the growth in the area being analyzed has a fast/not slow growth when compared to the area being compared in the analysis process, otherwise if it has a negative value. The share of country-level sector economic

growth that shows the regional growth rate. There are 3 factors used, namely: (1) National Growth (PN); (2) Proportional Growth (PP); (3) Market Share Growth (PPW).

Proportional Growth (PP) is the stage of growth on the production side or employment opportunities in an area caused by part of the sector composition in final production demand, as well as differences in market structure and diversity. If the PP value > 0 then the region will grow faster than other regions, otherwise the industry will play a role in national growth. Market Share Growth (PPW) is a shift in production or employment opportunities in an area caused by the comparative advantage obtained from the region, besides that of course there is encouragement from institutions, adequate socio-economic infrastructure and local policies in the region (Bulelengkab. go.id, 2019).

2.1.6.1 *Shift Share Analysis* (SSA)

One of the good analytical tools in showing or explaining the order in the economy and shifts in a region's share is *Shift Share Analysis* (SSA). To examine the economic structure of a region in terms of labor absorption and its contribution to *Gross Regional Domestic Product* (GDP), this analysis is useful in this regard (Saragih, 2015).

Weaknesses that exist in LQ analysis can be trimmed or refined with this analysis, which is one of the reasons for the birth of the idea of SSA (*Shift Share Analysis*) in economic analysis. The existence of differences and similarities between these regions is justified by this analysis, this analysis also predicts changes in production, labor and income turnover of a region which is divided into 3 elements of growth, namely national growth, proportional growth and regional share growth (Arief, 2010). .

Lincolin (in Zaini, 2019) compared to the structure of the economy above the region, *Shift Share* analysis is a very beneficial tool in analyzing changes in the structure of the economic area of a region. The aim is to determine the capacity of the regional economy and work productivity when compared to a wider area/zone.

2.1.7. Leading Sector

Leading industry comes from the assumptions set out in international trade research, and a country must have an advantage in this assumption, when a region has a desire to benefit from the effects of the interaction process between one region and a region that is higher/wider, then each region must develop a sector that has a comparative advantage in the region, so that it can compete well and get appropriate feedback. With the improvement in regional economic performance, this comparative advantage is then used as the basis for regional development planning, the notion of leading industry is based on linkages in the form of comparisons, either on an international, national or even regional scale, if the industry can compete with other regions or even other industrialized countries have an advantage. If on a national scale, a sector in a certain field can compete with sectors with the same field outside its territory or those produced in other areas (both domestic and domestic), meaning that the sector is classified as a *leading* sector (Zaini, 2019).

2.2. Approach Model

The diagrammatic approach model below is the model used in the study, and can be seen in Figure 2.1.
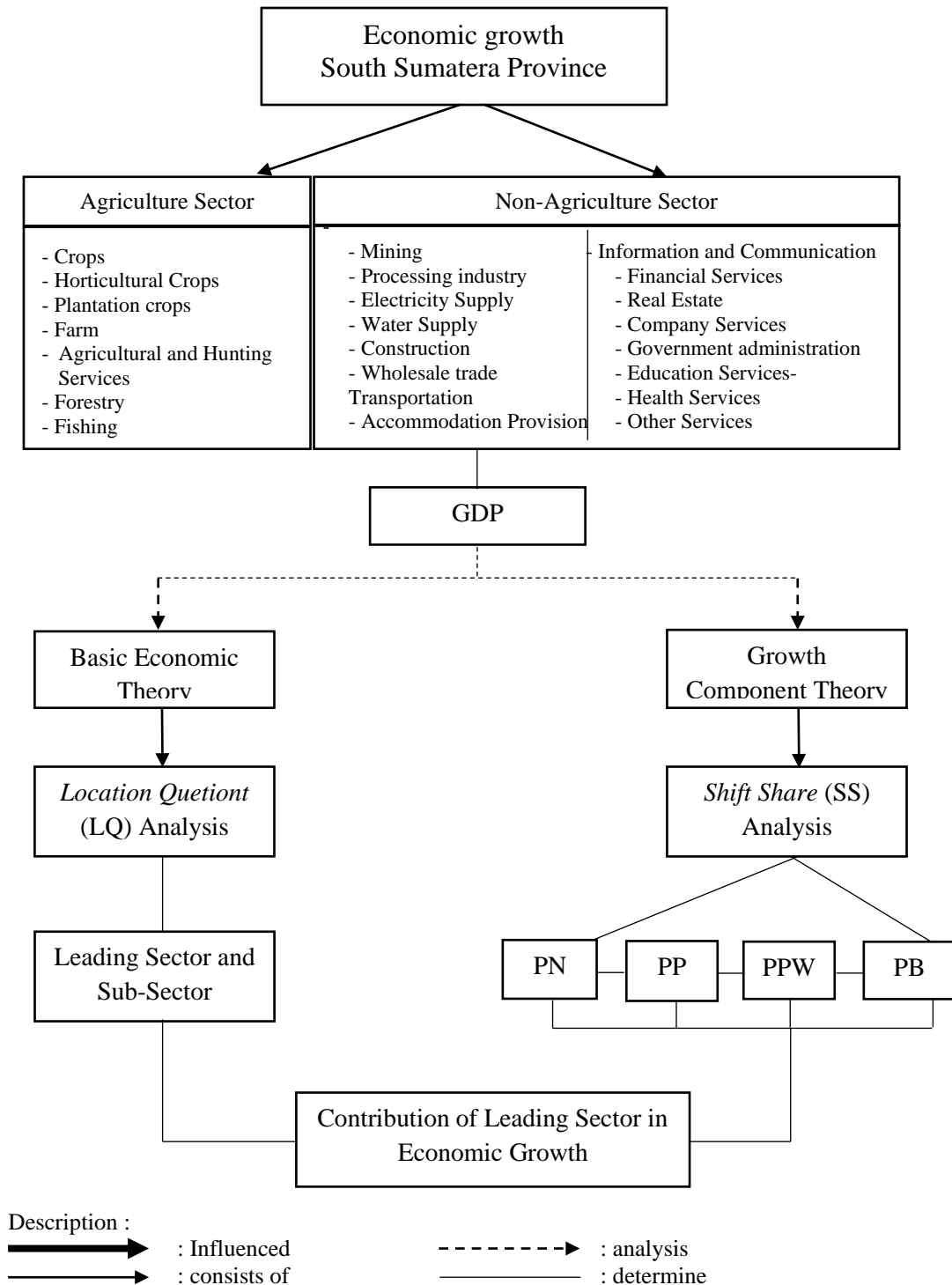
Figure 2.1. Diagrammatic Approach Model

2.3. Hypothesis

Conducted by Pratomo (2010), which is based on the results of data analysis, can be concluded that in 1998 - 2008 there were 4 leading sectors in Boyolali Regency, namely the corporate services sector, the agricultural sector, the trade sector, the transportation and communication sector, the finance and rental sectors and sector in corporate services with each average LQ value of 2.888, 1.545, 1.192, 1.056.

Based on the research of Pujiyono and Sari (2013), the results of his research stated that in 2004-2010 South Sumatra Province had 3 basic sectors with the calculation of Klassen Typology Analysis, namely the building, mining and quarrying sector and the agricultural sector with an average LQ of more than 1, and the agricultural sector is in quadrant IV, meaning that the agricultural sector has a competitive advantage but is still in a relatively underdeveloped area.

Research conducted by Astuti (2005), using the LQ analysis tool and multiple regression, the results obtained are that there are 3 leading economic sectors in South Sumatra Province, the 3 sectors are the quarrying and mining sector, the hotel and restaurant trade sector and the agricultural sector, the third the sector simultaneously has a significant (significant) positive effect on the economic growth of South Sumatra with a correlation coefficient of 88.6%, which means that the independent variables have a close relationship with the dependent variable (South Sumatran economic growth).

Research conducted by Thohir (2013), obtained the results of the study which stated that it was proven that in Kulon Progo Regency there was one economic sector that became the basis of value, namely the agricultural sector and the agricultural sub-sector which became the basic sub-sector, namely the forestry sub-sector, plantation sub-sector. and the livestock sub-sector.

The results of the research conducted by Oktavia (2015), based on the results of the research that it was found that in the agricultural sector the sub-sector that contributed the most was the Plantation and food crops sub-sector. As well as the results of the analysis of LQ, DLQ and a combination of the leading agricultural sectors in South Sumatra Province are the plantation and forestry sub-sectors.

Research conducted by Yulianita, et al (2017), found that the results of the Shift Share in South Sumatra Province have competitive advantages in 11 sectors, namely: electricity procurement, mining, agriculture, trade, construction, water supply, accommodation provision, government administration and financial services. Based on Klassen's Typology Analysis, South Sumatra Province is still included in the typology of areas that are not yet developed or still developing.

Based on research conducted by Abidin (2015) the results of the analysis show that the application of shift share in agricultural modification Southeast Sulawesi Province can describe the transfer of the agricultural sector in GRDP and its role. The economic sector in Southeast Sulawesi is positively influenced by national economic growth. The agricultural sector already has a competitive advantage, but is still at a slow pace of growth. Overall the value of the net change in the agricultural sector is IDR 144,868,720 million.

From some of the descriptions above, the following hypotheses can be made:

1. It is suspected that the Agricultural Sector in South Sumatra Province has become a leading sector.
2. It is suspected that the agricultural sub-sector in South Sumatra Province with base value is the forestry sub-sector and the plantation sub-sector.
3. It is suspected that the agricultural sector in South Sumatra Province already has a competitive advantage.

2.4. Operational Limitations

The following are useful limitations as a benchmark in clarifying the content of writing used by researchers in conducting this research, the limitations used in this study include the following:

1. Secondary data is the data used in this study. .
2. The analytical tools used in the research are *Location Quotient* and *Shift Share analysis*.
3. The sectors analyzed in this study are the agricultural and non-agricultural sectors.

4. Horticultural crops, food crops, livestock crops, plantations, forestry and fisheries, as well as agricultural and hunting services are the agricultural sub-sectors analyzed in this study.

5. This research was conducted in South Sumatra Province.

6. Data obtained from the website of BPS (Central Bureau of Statistics) South Sumatra Province and BPS (Central Bureau of Statistics) Indonesia.

7. This study uses data on GRDP (Gross Regional Domestic Product) of South Sumatra Province and GDP (Gross Domestic Product) of Indonesia.

8. Gross Regional Domestic Product (GRDP) data used in this study is GRDP data based on constant prices in 2010 (Billion IDR/year).

9. Gross Domestic Product (GDP) is used in this study, namely GRDP data based on constant prices in 2010 (Billion IDR/year).

10. The data used in this study are South Sumatra Province GRDP data in 2015-2019 and Indonesia's GDP in 2015-2019.

CHAPTER 3
RESEARCH IMPLEMENTATION

3.1. Place and Time

This research was conducted in South Sumatra Province. The location of this research was chosen purposively with the consideration that South Sumatra Province has a fairly wide and diverse agricultural sector and strategic regional conditions. This research was conducted in November - December 2020.

3.2. Research Methods

The research method used is the historical method, namely the method based on existing data. This historical method is used because this method can support the writing of the research conducted by the author, and the data obtained is accurate data, while the data used is constant price GDP data for Indonesia and constant price GDP for South Sumatra Province for the last 5 years, namely in 2015-2019. .

3.3. Sampling Method

Data needed in this study is secondary data. The data was obtained from the Central Bureau of Statistics Indonesia and South Sumatra, various literatures, the official website of the South Sumatra Government, and other relevant sources.

3.4. Data Collection Method

Data taken from the website will be processed and calculated based on the provisions of the research objectives to be achieved. Answering the first and second objectives, namely calculating the base value in the agricultural sector and sub-sector of South Sumatra using *Location Quotient*. In determining the base value on sector and sub-sector commodities, it is determined based on the LQ value, where if the LQ value is (+) then the sector and sub-sector are relatively superior, otherwise if the LQ value is (-) then the sector and sub-sector are not superior. Here is the formula to find the LQ value:

$$LQ = \frac{\frac{Si}{S}}{\frac{Ni}{N}}$$

Where:

LQ   = *Location Quotient*

Si   = GRDP sector/sub sector in South Sumatra Province

S   = Total GRDP in South Sumatra Province

Ni   = GRDP Sector i in Indonesia

N   = Total GRDP in Indonesia

Furthermore, to answer the third goal, namely regarding the competitiveness of the agricultural sector in South Sumatra Province. So, the analytical tool used is *Shift Share Analysis* (SSA) with the Regional Market Share Growth formula. This analytical tool can show whether the competitiveness in a sector is good or not and can determine the contribution of a sector to the economic growth of a country that is being compared. The formula used is:

$$PPWij = (ri-Ri)Yij$$

Where:

PPWij = Growth Component of Sector Regional Share i for region j

ri   = Ratio of production/employment opportunities in sector i in region j

Ri   = Ratio of production/employment opportunities (national) of the sector i

Yij   = Production/employment opportunities from sector i in region j in the base year of analysis

If :

PPWij > 0, it means that sector i in region j has good competitiveness compared to the same sector in the comparison area.

PPWij < 0, means that sector i in region j is relatively uncompetitive compared to the same sector in the region being compared.

Answering the fourth objective, namely the contribution of the agricultural sector of South Sumatra Province to Indonesia's economic growth. So, the analytical tool used is *Shift Share Analysis* with the following formulas:

1. Calculating the Ratio of Economic Activity Indicators, is used to see the comparison of production/employment opportunities of the economic sector in a certain area. The ratio of production/employment opportunities is divided into ri, Ri, and Ra.

The formula for calculating ri:

$$ri = \frac{Y'ij - Yij}{Yij}$$

Where:

Yij = Production/employment from sector i to region j at the beginning of the year of analysis.

Y'ij = Production/employment opportunities from sector i to region j at the end of the year of analysis.

The formula for calculating Ri:

$$Ri = \frac{Y'i - Yi}{Yi}$$

Where:

Y'i = Production/employment (national) of sector i in the final year of analysis.

Yi = Production/employment (national) of sector i in the initial year of analysis.

The formula for calculating Ra:

$$Ra = \frac{Y'.. - Y..}{Y..}$$

Where:

Y'.. = Production/employment opportunities (national) in the final year of analysis

Y..   = Production/employment opportunities (national) in the base year of analysis

2. Calculating the Regional Growth Component, consisting of components national growth (PN), proportional growth component (PP), regional share growth component (PPW).

The formula for calculating the component of national growth (PN):

$$PNij = (Ra)Yij$$

Where:

PNij   = Component of national growth of sector i for region j

Yij   = Production/employment of sector i in region j in the base year of analysis

Ra   = Ratio of production/opportunity employment (national)

Formula for calculating the component of proportional growth (PP):

$$PPij = (Ri-Ra)Yij$$

Where:

PPij   = Component of proportional growth of sector i for region j

Yij   = Production/employment opportunity of sector i in region j in the base year of analysis

Ri   = Ratio of production/employment opportunities (national) from sector i

Ra   = Ratio of production/employment opportunities (national)

If:

PPij > 0, it indicates that sector i in region j is growing fast.

PPij < 0, indicates that sector i in region j is growing slowly.

The formula for calculating the growth component of regional market share (PPWij):

$$PPWij = (ri-Ri)Yij$$

Where:

PPWij = Component of the growth of sectoral share of sector i for region j

Yij = Production/employment opportunities of sector i in region j in the base year of analysis

ri = Ratio of production/employment opportunities of sector i in region j

Ri = Ratio of production/employment opportunities (national) of sector i

If:

PPWij > 0, it means that sector i in region j has good competitiveness compared to the same sector in the region being comparison.

PPWij < 0, means that sector i in region j is relatively uncompetitive compared to the same sector in the region being compared.

The changes in GRDP sector i in region j are formulated as follows:

Yij $= PNij + PPij + PPWij$

Yij $= Y'ij - Yij$

The formula for the three components of regional growth is:

PNij $= Yij(Ra)$

PPij $= Yij(Ri-Ra)$

PPWij $= Yij(ri-Ri)$

If equations (2), (3), (4) and (5) are substituted with equation (1), then we get:

Yij $= PNij + PPij + PPWij$

Y'ij-Yij $= Yij(Ra) + Yij(Ri-Ra) + Yij(ri-Ri)$

The three regional growth formulas are as follows:

%PNij $= Ra*100\%$

%PPij $= Ri-Ra*100\%$

%PPWij $= ri-Ri*100\%$

3. Furthermore, to calculate the Net Shift, the net shift is used to identify the growth of an economic sector. The net shift of sector i in region j can be formulated as follows:

$$PBij = PPij + PPWij$$

Where:

PBij = net shift of sector i in region j

PPij = Component of proportional growth of sector i in region j

PPWij = Component of market share growth of sector i in region j

If :

PBij > 0, then the growth of sector i in region j is included in the *progressive* (advanced)

group PBij < 0, then the growth of sector i in region j is sluggish

When all the indicators have been calculated and the results have been obtained, then from there it can be seen whether the agricultural sector in South Sumatra Province provides a dominant contribution or not. As for the growth profile of the economic sector which is divided into 4 quadrants, namely as follows.
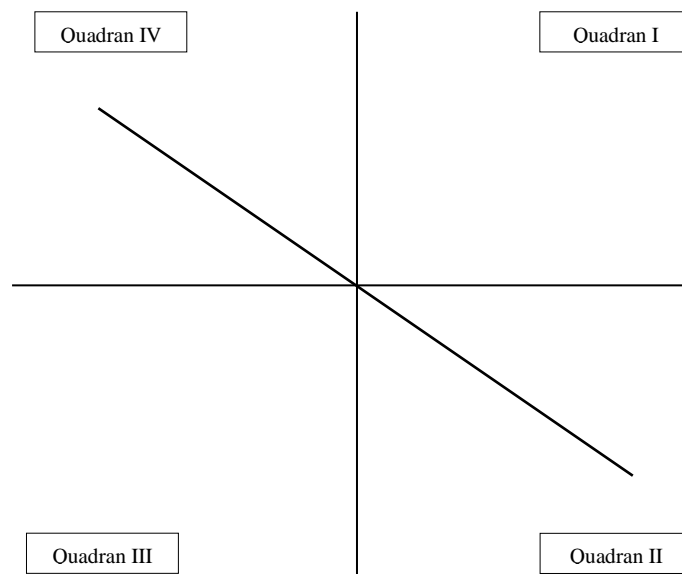
figure 3.1. Economic Sector Growth Profile

Axis *horizontal*, there is Proportional Growth (PP) as the abscissa, while on the *vertical* there is Regional Growth (PPW) as the ordinate. In Figure 4.3. above there are 4 quadrants where each of the quadrants has a meaning as follows:

1. Quadrant I, explains that the economic sectors in the analyzed region have fast growth and good competitiveness.

2. Quadrant II, explains that the economic sectors in the region under analysis are relatively fast growing with poor competitiveness.

3. Kuaran III, explains that the economic sectors in the region under analysis have slow growth and poor competitiveness.

4. Quadrant IV, explains the economic sectors in the region that in the analysis have slow growth with good competitiveness.

An oblique line with an angle of 45° is obtained that intersects in quadrant II and Quadrant. The position at the top of the line in the quadrant indicates that the sector is a *progressive* (advanced) sector, while the position at the bottom of the line means that the analyzed economic sector indicates the position of a sluggish sector. It can be seen later that there are some economic sectors that will be in a position above the slanted line, and there are also some economic sectors that are in a position below that slanted line. The growth profile of the economic sector makes it easier to show which sector provides the dominant contribution to a region's economy.

CHAPTER 4
RESULTS AND DISCUSSION

4.1. General Condition of Research Area

The scope in explaining the general condition of the research location is administrative area boundaries, geographical location, climatic conditions, population conditions, economic conditions and the state of the agricultural sector. This research was conducted in South Sumatra Province. The general situation at the research site can be explained in detail below.

4.1.1. Geographical Location and Administrative Area

South Sumatra was formerly called the Earth of Sriwijaya, in the era of the seventh century until the twelfth century AD Sriwijaya Earth was included in the core of the Sriwijaya kingdom which was known as the largest and most fortified maritime empire in the archipelago.

According to the administrative boundaries, South Sumatra Province is divided into several parts/zones, namely cities, districts, sub-districts, urban villages and villages. There are 12 City Governments and 4 District Governments, along with other regional apparatuses. South Sumatra also holds 232 sub-districts, 2,859 villages and 377 urban villages. The names of the districts or cities are as follows:

1. Palembang City (Capital of Palembang)
2. Ogan Ilir City (Capital of Indralaya)
3. Pagar Alam City (Capital of Pagar Alam)
4. Lubuk Linggau City (Capital of Lubuk Linggau)
5. City of Prabumulih (Capital of Prabumulih)
6. Regency. Musi Banyuasin (Capital of Sekayu)
7. Regency. Banyuasin (Capital of Pangkalan Balai)
8. Regency. Ogan Komering Ulu (Capital of Baturaja)
9. Regency. Ogan Komering Ilir (Capital of Kayu Agung)
10. Kab. Ogan Komering Ulu Selatan (Capital of Muara Dua)
11. Kab. Ogan Komering Ulu Timur (Capital of Martapura)

12. Kab. Musi Rawas (Capital of Muara Beliti)
13. North Musi Rawas Regency (Capital of Muara Rupit)
14. Regency. Muara Enim (Capital of Muara Enim)
15. Regency. Lahat (Capital of Lahat)
16. Regency. Four Lawang (Capital of Tebingtinggi)
17. Panukal Abab Regency Lematang Ilir (Capital of Talang Ubi)

According to the geographical location of the region, South Sumatra is also good according to agricultural activities. When viewed from the topography, the area of South Sumatra is very detailed and extensive, starting from the highlands (hills and mountains) and lowlands including swamps, dominating the district or city area. Together with the unique topography that differs between regions, each location has pocketed the mainstay commodities in divergent agriculture.

There is also one of the mountains, namely Volcano located in South Sumatra, which is commonly known as the Dempo volcano. The role of the Dempo volcano can make areas near the volcano potentially very fertile and useful for agricultural activities.

4.1.2. Climate Conditions

Climate conditions also have a significant role for activities in the agricultural sector. A number of explanations and information are useful for planning and in planning a process of activity in agriculture, useful in the planting process as well as the selection of the right livestock for an area. Furthermore, the presentation of climatic conditions in the last 5 years in South Sumatra Province is presented in Table 4.1. below this.

Table 4.1. Average Climate Condition of South Sumatra Province (2015-2019)

Condition	Climate				
	2015	2016	2017	2018	2019
Average air temperature	26.7ºC-28.6ºC	27.5ºC	26.5ºC-28,2ºC	26.5ºC-28.1ºC	27ºC-28.8ºC
Average air humidity	71%-85%	76.7%-85.5%	78.4%-88.7%	86.35%-90.96%	77.56%-91.38%

Table 4.1. The Average Climatic Condition of South Sumatra Province above explains the average value of air temperature and humidity in South Sumatra Province. The average air temperature in 2016 experienced a constant average value for 12 months or 1 year, which is worth 27.5∘C. At the average air humidity for the last 5 years the average value is not constant.

4.1.3. Status of Population and Livelihood

Population is all humans who are domiciled in the geographical area of the Republic of Indonesia for half a year or more and humans who live less than half a year but with the aim of settling. According to the results, the number of residents of South Sumatra in 2015 was 8,043,042 people, which were divided into 4,087,186 men and 3,955,856 women. It can be seen in Table 4.2. as follows.

Table 4.2. Total Population by Regency/City and Population Distribution in South Sumatra Province 2015

Regency/City	Total Population			Distribution Population
	Male	Female	Total	
(1)	(2)	(3)	(4)	(5)
1. Ogan Komering Ulu	178,603	170,802	349,405	4.34
2. Ogan Komering Ilir	402,196	384,394	786,590	9.78
3. Muara Enim	304,905	294,763	599,668	7.46
4. Lahat	200,487	192,342	392,829	4.88
5. Musi Rawas	196,642	187,285	383,927	4.77
6. Musi Banyuasin	312,736	297,918	610,654	7,59
7. Banyuasin	413,771	396,853	810,624	10.08
8. South OKU	180,485	163,196	343,681	4.27
9. East OKU	331,323	317,487	648,810	8.07
10. Ogan Ilir	204,798	203,905	408,703	5.08
11. Empat Lawang	121,739	116,108	237,847	2 ,96
12. Pali	90,098	89,236	179,334	2,23
13. Musi Rawas Utara	92,023	90,529	182,552	2.27

14. City of Palembang	789,966	788,616	1,578,582	19,63
15. Kota Prabumulih	89,082	87,818	176,900	2,20
16. Kota Pagaralam	68,535	65,221	133,756	1.66
17. Lubuk Linggau City	109,797	109,383	219,180	2.73
South Sumatra	4,087,186	3.9 55,856	8,043,042	100.00

Source: SUPAS 2015 Publication South Sumatra Province.

Table 4.2. Regarding the total population in South Sumatra Province, it is explained that the total population of South Sumatra is always increasing. During the five-year period, 2010 – 2015, the total population of South Sumatra increased by 592,648 people or an average of 118,530 people per year.

4.1.4. State of the Economy
4.1.4.1. Economic Structure

Structure and economic growth can define and explain how the economic conditions in an area. There are a number of economic structures that can build the economy of South Sumatra Province, including: Water Supply, Waste Treatment, Waste and Recycling, Construction, Agriculture, Electricity and Gas Procurement, Processing Industry, Mining and Excavation, Construction, Provision of Accommodation and Food and Drink , Transportation and Warehousing, Wholesale and Retail Trade, Defense and Compulsory Social Security, Financial Services and Insurance, Real Estate, Information and Communication, Corporate Services, Government Administration, Health Services and Social Activities, Educational Services, and Other Services Sectors. The breadth of the contribution of the economic field of business as long as it produces goods and services greatly determines the economic structure in a region.

The added value created in each business field successfully reflects the extent of the dependence of an area or region on the expertise to produce each business field that can form an economic structure. Table 4.3. below shows the percentage distribution given to each business field in South Sumatra Province.

Table 4.3. Distribution of Percentage of Gross Regional Domestic Product South Sumatra at Current Prices by Field of Business, 2015-2019

Fields		Business				
		2015	2016	2017	2018	2019
A	Mining and Quarrying	21.81	19.71	19.24	20.24	20.55
B	Processing Industry	18 ,36	18.94	19.56	19.52	19.35
C	Agriculture, Forestry and Fisheries	17.13	16.70	15.80	14.80	14.39
D	Wholesale and Retail Trade; Car and Motorcycle Repair	10.58	11.68	12.43	12.94	13.55
E	Construction	12.58	13.10	13.24	12.98	12.50
F	Housing/Real Estate	2.81	2.99	3, 03	3.07	3.18
G	Information and Communication	2.50	2.66	2.78	2.85	2.89
H	Government Administration, Defense, and Mandatory Social Security	3.78	3.46	3.16	2.85	2, 66
I	Transportation and Warehousing	2.08	2.21	2.31	2.37	2.47
J	Financial and Insurance Services	2.56	2.66	2.63	2.54	2.36
K	Educational Services	2.70	2.62	2 ,47	2.36	2.35
L	Other Services	0.76	0.74	0.73	0.76	0.79
M	Health Services and Social Activities	0.62	0.61	0.62	0.59	0.62
N	Corporate Services	0.11	0.12	0.12	0.13	0.14
O	Electricity and Gas Procurement	0.09	0.12	0.13	0.13	0.13
P	Water Supply, Waste Management, Waste and Recycling	0.11	0 ,11	0.12	0.12	0.12
Gross Regional Domestic Product		100.00	100.00	100.00	100.00	100.00

Source: Central Bureau Of Statistics Publication of South Sumatra Province 2015-2019.

During the last five years (2015-2019), the economic structure of South Sumatra Province has excelled in five groups of business fields, the five groups of business fields are: Construction; Processing industry; Car and Motorcycle

Repair; Wholesale and Retail Trade; Agriculture, Forestry, and Fisheries; and Mining and Quarrying. This can be seen from the contribution of each business field to the formation of the GRDP of South Sumatra Province.

Data sourced from the Central Bureau Of Statistics of South Sumatra Province, in 2019 the business field that had the largest contribution in the preparation of the GRDP of South Sumatra Province was the Mining and Quarrying business field, the percentage value was 20.55% although it decreased from 21.81% in 2015 The second largest business field is in the Manufacturing Industry with a numerical value of 19.35%, an increase from the value of 18.36% in 2015, the third largest business field is in the Agriculture sector with a numerical value of 14.39%, This sector also experienced a decline from the numerical value of 17.13% in 2015, then in the fourth position, namely the Wholesale and Retail Trade, Car Repair, and Motorcycle business fields with a value of 13.55%, this business field experienced an increase from 10 .58% in 2015 and the last nomination was owned by the Construction business field with a value of 12.50%.

Among the five business fields, the Manufacturing Industry and Wholesale Trade as well as the Repair of Cars and Motorcycles underwent increasing contributions. The Agriculture and Mining sectors received a gradual decline in their contribution. Meanwhile, Construction, its role and contribution during the last 2 years tended to decline. Meanwhile, the role of other business fields is less than 5% each.

4.1.4.2. Economic growth

Real economic performance in a certain area can be seen with one indicator calculation, namely growth. The acceleration of economic growth can be estimated according to changes in GDP with constant price data in the corresponding year in the previous year. Successful economic growth is seen as an increase in the number of goods and services produced for all business fields of economic activity in an area over a period of one year.

Based on constant prices in 2010, South Sumatra's GRDP figure in 2019 has increased. The increase was caused by the increase in the number of

production in all business fields that have been freed from the effects of inflation. The value of South Sumatra's GRDP at constant 2010 prices, holds up to 315.62 trillion rupiah. This value has increased from 298.57 trillion rupiah in 2018. This figure shows that during 2019 an economic growth of 5.71% was formed, although it was a little longer when compared to economic growth in 2018 with a figure of 6.04%.

Table 4.4. Growth Rate of Gross Regional Domestic Product at Constant Prices 2010 South Sumatra by Business Field (percent), 2015-2019

	Business Field	Year				
		2015	2016	2017	2018	2019
A	Accommodation Food and Drink	9.87	10.17	8.15	13.15	15 ,35
B	Procurement of electricity and gas	3.66	17.32	5.30	8.85	10.29
C	Company services	4.41	6.50	7.93	9.51	9.57
D	Health services and social activities	7.29	1 ,24	3.19	2.56	9.57
E	Transportation and Warehousing	9.77	7.01	8.37	7.36	8.30
F	Mining and Quarrying	3.94	3.57	5.40	9.27	8.27
	Wholesale and Retail Trade; Car and Motorcycle Repair	3.57	8.69	7.69	8.09	8.22
H	Information and Communication	8.68	6.87	8.43	7.73	8.15
I	Provision of Accommodation and Food and Drink	9.87	10, 17	8.15	13.15	15.35
J	Information and Communication	8.68	6.87	8.43	7.73	8.15
K	Housing/*Real Estate*	7.10	8.44	7.33	7.95	8.03
L	Other Services	4.05	2.42	4.41	9.06	7.77
M	Water Supply, Waste Management, Waste and Recycling	6.67	1.51	4.13	7.96	7.46
N	Processing Industry	5.40	6 ,23	6.55	5.51	4.85
O	Education Services	7.90	2.79	0.21	2.72	4.73
P	Construction	0.07	8.70	8.92	5.59	3.34
Q	Agriculture, Forestry , and Fisheries	3.59	1.36	1.18	2.16	3.22
R	Government Administration, Defense, and Mandatory Social Security	10.49	0.09	6.40	2.70	1.09
	Financial Services and Insurance	4.34	7.33	2.72	1.78	-1.35
Gross Regional Domestic Product		**4.42**	**5.04**	**5.51**	**6.04**	**5.71**

Source: Central Bureau Of Statistics Publication of South Sumatra Province 2015-2019.

In 2019, all economic business sectors faced growth with a positive value except for the Financial Services and Insurance economic business sector which received a minus or negative 1.35 percent value. Eleven business sectors are facing positive growth with a value above 5 percent. Meanwhile, the other five business sectors recorded positive but lower growth, which was less than 5 percent.

4.1.5. State of the Agricultural Sector

The agricultural sub-sector has several types, including the Horticulture, Food Crops, Plantation Plants, Livestock, Agricultural and Hunting Services, Fisheries and Forestry and Logging services. Of the many economic sectors in South Sumatra Province, the agricultural sector can contribute in distributing contributions to the Gross Regional Domestic Product (GRDP) of South Sumatra Province. The production of commodities that have been produced by the Province of South Sumatra in each of its sub-sectors are:

1. Food Crops

   Sub-sector The food crops sub-sector produced by South Sumatra Province is rice and secondary crops (corn, soybeans, peanuts). , green beans, cassava and sweet potatoes). According to BPS data from South Sumatra Province in 2019, the largest production in the food crop sub-sector was the morning commodity with a production value of 2,603,396.24 tons. Meanwhile, the total production of secondary crops is 1,074,873 tons.

2. Horticultural Crops Sub-Sector

   Commodities produced in the horticulture sub-sector in South Sumatra Province are vegetable crops, fruit plants, ornamental plants and biopharmaceutical plants. According to BPS data from South Sumatra Province, the largest commodity production of fruit plants in 2019 was pineapple plants with a production value of 1,798,453 quintals. The largest commodity production of vegetable crops in 2019 was chili plants with a production value of 514,921 quintals. The largest production of ornamental plant commodities in 2019 was orchid plants with a production value of 2,886

stalks. In biopharmaceutical plants, the commodity with the largest production value is turmeric with a production value of 2,003,190 kg.

3. Plantation Crops Sub-Sector

Commodities produced in the plantation sub-sector in South Sumatra Province are rubber, coconut, oil palm, coffee, pepper, and cocoa plants. According to Central Bureau Of Statistics data from South Sumatra Province, the largest plantation sub-sector production in 2019 was in the palm oil commodity with a production value of 3,826,784 tons.

4. Livestock Sub-sector

The livestock sub-sector produced by South Sumatra Province has 2 types of commodities, namely livestock meat commodities (pork, beef cattle, horses, buffalo, goats, and sheep) and poultry meat (village chicken, layer chickens, broilers). , and manila ducks). According to the Central Bureau Of Statistics South Sumatra Province in 2019, the largest production in livestock is beef cattle with a production value of 11,346,172.30 kg. Meanwhile, for poultry meat, the largest production is broiler with a production value of 46,770,832.08 kg.

5. Forestry Sub-Sector The

commodities produced in the forestry sub-sector in South Sumatra Province are logs, sawn timber and plywood. According to Central Bureau Of Statistics South Sumatra Province, the largest wood production in the Forestry sub-sector in 2019 was in the type of logs with a production value of 11,584,147.70 m^3.

6. Fishery Sub-Sector

The commodities produced in the fisheries sub-sector in South Sumatra Province are aquaculture and capture fisheries. According to Central Bureau Of Statistics South Sumatra Province in the fisheries sub-sector in 2018, production in the type of aquaculture was more with a production value of 439,058 tons while the production of capture fisheries was worth 196,957 tons. In the type of aquaculture, the largest production is in freshwater pond aquaculture with a production value of 238,820 tons. In capture fisheries, the largest production is in marine fisheries with a production value of 103,603 tons.

Agriculture is the primary (primary) sector, where activities are based on natural resources, almost all of which end up being used as basic raw materials in the manufacturing sector, as well as household consumption. The agricultural sector has an advantage in advancing the welfare of the community, because almost all Indonesian people, especially South Sumatra, live in rural areas and work in the agricultural sector. Based on the Central Bureau Of Statistics South Sumatra Province which discusses the Employment Statistics in 2015 – 2019, it is explained that the agricultural sector is the main hope of the majority of the population in South Sumatra, especially in rural areas.

Almost all the people of South Sumatra live and make a living in the agricultural sector. Sourced from the 2015 to 2019 Employment Statistics Publication data published by the Central Bureau Of Statistics South Sumatra Province below, it can show the percentage of workers in the economic sector of South Sumatra Province, especially in the agricultural sector.

PERCENTAGE OF POPULATION

	2015	2016	2017	2018	2019
Agricultural Sector	54,74	48,43	48,25	48,67	45,91
Industrial Sector	4,7	5,38	13,79	14,59	13,59
Service Sector	16,82	18,04	37,96	38,88	40,49
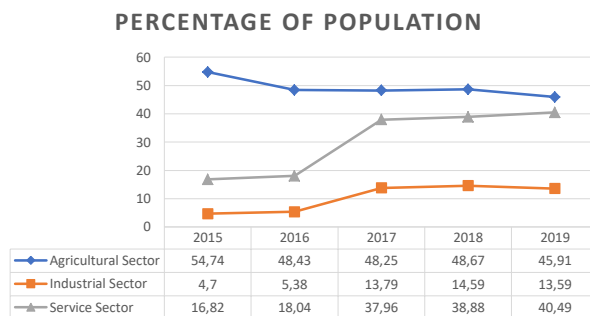
Figure 4.1. Graph of Percentage of Working Population by Business Field

Figure 4.1. The graph of the percentage of the working population by business field in South Sumatra Province above shows a comparison of the calculated percentage values of the three business fields representing each sector, namely the primary sector, secondary sector and tertiary sector.

The graph above shows that the agricultural sector is the main sector in South Sumatra Province with the largest percentage from year to year, namely in

the last five years, starting in 2015 with a percentage value of 54.74 percent with a population of 3,695,866 people. , in 2016 it had a value of 48.43 percent with a population of 3,998,637 people, in 2017 it had a value of 48.25 percent with a total population of 3,942,534 people, in 2018 with a value of 48.67 percent and the total population of 3,963,870 people, the last in 2019 had a percentage value of 45.91 percent with a total population of 3,968,499 people.

The absorption of labor in each district/city in South Sumatra Province is on average almost the same in making contributions. On average, in almost every district/city the agricultural sector is still dominant in terms of labor absorption, except for Lubuk Linggau, Prabumulih and Palembang, where the tertiary sector dominates more in these 3 cities. As we know, that the city of Palembang is the capital of the province of South Sumatra, it is clear that its economic condition is more advanced when compared to its lower regions or other districts. Thus, the absorption of labor in the secondary and tertiary sectors that characterize the modern economic sector will be slightly higher than the absorption of labor in the main/primary sector.

Table 4.5. below also shows the percentage of labor absorption in each district and city in South Sumatra Province.

Table 4.5. Percentage of Working Population by Regency/City and Business Field of South Sumatra Province in 2019

No.	Regency/City	Business Field			Total	
		Primary	Secondary	Tertiary	%	N
1.	Ogan Komering Ulu	50.62	9.38	40.00	100.00	175.396
2.	Ogan Komering Ilir	59.26	12.10	28.64	100.00	410.932
3.	Muara Enim	58.31	10.23	31.45	100.00	303.675
4.	Lahat	53.60	13.66	32.74	100.00	204.129
5.	Musi Rawas	65.43	7.93	26.65	100.00	202.740
6.	Musi Banyuasin	58.74	12.45	28.81	100.00	290.744
7.	Banyuasin	52.03	13.96	34.00	100.00	372.503
8.	South OKU	75.27	4.35	20.38	100.00	194.367
9.	OKU Timur	59.88	12.32	27.80	100.00	321.875
10.	Ogan Ilir	45.31	18.63	36.06	100.00	218.755
11.	Empat Lawang	63.24	3.80	32.96	100.00	124.484
12.	PALI	59.27	9.67	31.06	100.00	90.403
13.	North Rawas Musi	61.71	13.15	25.14	100.00	90.453
14.	Palembang	1.77	21.57	76.66	100.00	698,873
15.	Prabumulih	22.58	18.52	58.90	100.00	87.221
16.	Pagaralam	45.04	11.02	43.94	100.00	69.309
17.	Lubuk Linggau	14.60	18.78	66.61	100.00	112.640
	South Sumatra	45 ,91	13,59	40,49	100,00	3,968,499

Source: Central Bureau Of Statistics Publication of Employment Statistics Year 2 019.

4.2. LQ Calculation Results in the Agricultural and Non-Agricultural Sector in South Sumatra

Analysis *Location Quotient* is used to see which economic sectors are included in the superior sector (*base*), in other words that have the potential to carry out export activities and also to find which sectors are not superior (*non-basic*). If LQ > 1, then the sector belongs to the *base*. On the other hand, if the LQ value is < 1, the sector is classified as *a non-basic*. Obtained Table 4.6. below are the results of calculations summarized from Appendix 3.

Table 4.6. Calculation Results *Location Quotient* in South Sumatra Province, 2015-2019

	Economic Sector	Year					Average LQ	Remarks
		2015	2016	2017	2018	2019		
A	Agriculture	1.58 (b)	1.55 (b)	1.50 (b)	1 .45 (b)	1.43 (b)	1.50	Base
B	Mining and Quarrying	2.83 (b)	2.89 (b)	3 (b)	3.18 (b)	3.37 (b)	3.05	Base
C	Manufacturing Industry	0.96 (nb)	0.97 (nb)	0.98 (nb)	0.98 (nb)	0.98 (nb)	0.97	Non-Base
D	Electricity and Gas Procurement	0.1 (nb)	0.11 (nb)	0.11 (nb)	0.11 (nb)	0.12 (nb)	0.11	Non-Base
E	Water Supply, Waste Management, Waste and Recycling	1.58 (b)	1.54 (b)	1.52 (b)	1.54 (b)	1.54 (b)	1.54	Base
F	Construction	1.27 (b)	1.3 (b)	1.32 (b)	1.3 (b)	1.26 (b)	1.29	Base
G	Wholesale and Retail; Car and Motorcycle Repair	0.8 (nb)	0.83 (nb)	0.85 (nb)	0.86 (nb)	0.89 (nb)	0.84	Non-Base
H	Transportation and Warehousing	0.54 (nb)	0.54 (nb)	0.53 (nb)	0.53 (nb)	0.53 (nb)	0.53	Non-Base
I	Provision of Accommodation and Food and Drink	0.44 (nb)	0.46 (nb)	0.47 (nb)	0.5 (nb)	0.54 (nb)	0.48	Non-Basis
J	Information and Communication	0.75 (nb)	0.73 (nb)	0.72 (nb)	0.71 (nb)	0.7 7 (nb)	0.72	Non-Base
K	Financial Services and Insurance	0.75 (nb)	0.74 (nb)	0.71 (nb)	0.69 (nb)	0.63 (nb)	0.70	Non-Base
L	Housing/*Real Estate*	1.08 (b)	1.12 (b)	1.15 (b)	1.18 (b)	1.2 (b)	1.15	Basis
M,N	Company Services	0.07 (nb)	0 .07 0.07	((nb) 0.07 (nb)	nb)	0.07 (nb)	0.07	Non-Base
O	Government Administration, Defense and Mandatory Social Security	1.09 (b)	1.05 (b)	1 .08 (b)	1.03 (b)	0.99 (nb)	1.05	Base
P	Educational Services	1.03 (b)	1.01 (b)	0.97 (nb)	0.94 (nb)	0. 91 (nb)	0.97	Non-Base
Q	Health Services and Social Activities	0.71 (nb)	0.68 (nb)	0.65 (nb)	0.62 (nb)	0.62 (nb)	0.65	Non-Basic
R,S,T,U	Other Services	0.55 (nb)	0.52 (nb)	0.5 (nb)	0.49 (nb)	0.48 (nb)	0.51	Non-Base

Source: Secondary data (processed) 2020.

Table 4.6. This shows that in fact there are 6 sectors that are categorized as basis. The sectors are 1) mining and quarrying sector with an average LQ value of 3.05; 2) the water supply, waste management, and recycling sector with an average LQ value of 1.54; 3) the agricultural sector with an average LQ value of 1.50; 4) the construction sector with an average LQ value of 1.29;sector*real estate* with an average LQ value of 1.15; 6) government administration, defense and compulsory social security sector with an average LQ value of 1.05. The agricultural sector turns out to be one of the basic sectors as well as the leading sector when seen in the table so that in hypothesis 1 which states that the agricultural sector has become a leading sector in the results of this study, the hypothesis is accepted.

In order to focus the development of the leading sector or commodity in an area of the South Sumatra Province, the base sector is further divided into 2 sectors, namely the leading sector and the potential sector. There are 3 sectors that are the leading sectors, namely the 3 sectors with the highest LQ scores, namely the mining and quarrying sector, the water supply sector, waste management and recycling and the agricultural sector. The other 3 sectors with base value are included in the potential sector in the South Sumatra Province. The agricultural sector is ranked 3rd as the *base* (superior) in South Sumatra Province after the mining and quarrying sector as well as the water supply sector, waste management and recycling.

The agricultural sector has experienced a decrease in the base value (LQ) in the last 5 years (2015-2019), in 2015 the agricultural sector received an LQ value of 1.58, down to 1.43 in 2019. The decline in the value of the agricultural sector can be seen in Figure 4.2. summarized from Appendix 8.
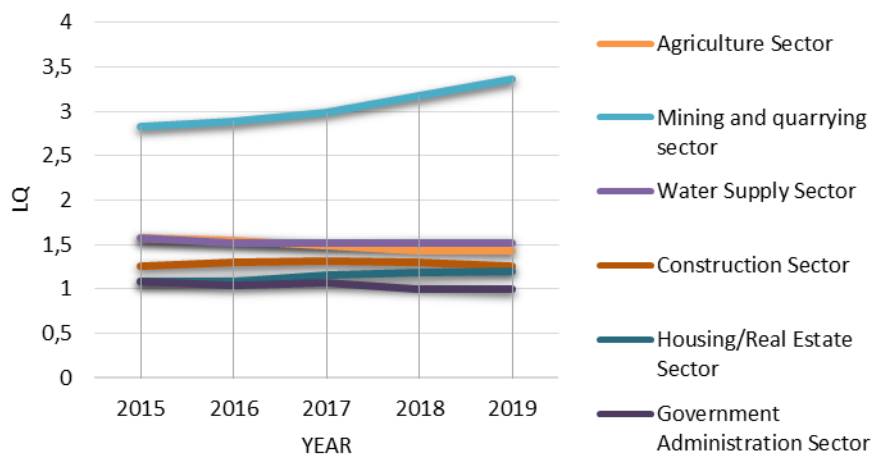
Figure 4.2. Graph of Development of Base Sector LQ Value, 2015-2019

Based on the graph of the development of the LQ value above, the base value in the agricultural sector in South Sumatra Province has always decreased every year in the last 5 years (2015-2019), the largest base value (LQ) in the last 5 years was in 2015 with a value of 1.58, the smallest base value (LQ) was in 2019 with an LQ value of 1.43.

In 2015-2019 agriculture is included in the superior sector or the base sector because this sector can perfect the needs of the region and can still be exported out of the region (South Sumatra), and there are still many areas whose livelihoods are in this agricultural sector. Judging by the results of the LQ calculation in the agricultural sector in the 2015-2019 period, the results obtained are the average value of the agricultural sector which states that the sector is a basic sector because the LQ value is > 1. It is also supported by sub-sectors in plantations in Sumatra Province. South which is the base sub-sector, where in 2016-2017 the prices of the main commodities, namely rubber and palm oil, began to rise in the international market, coconut commodities became a potential commodity from South Sumatra to continue to be developed in the export market. Coconut is also recorded in the 12th position as a leading export commodity from South Sumatra which encourages and helps increase the superior agricultural sector. So it can be concluded that the cause of the agricultural sector as a basic sector is because the sector has export power/power outside its territory,

especially in the forestry, agricultural services and plantation sub-sectors which will be explained below.

4.3. Determination of Base Value in Agricultural Sub-Sector

The agricultural sector in a broad sense consists of several sub-sectors, namely the plantation sub-sector, food crops sub-sector, horticulture sub-sector, forestry sub-sector, fishery sub-sector, livestock sub-sector, agricultural services sub-sector and fishery sub-sector. The LQ analysis tool is a tool used to analyze the determination of the superior value or the basis of the agricultural sub-sector of South Sumatra Province during the last five years, namely 2015 to 2019. The agricultural sub-sector of South Sumatra province that is obtained is the plantation sub-sector, food crops sub-sector, horticulture sub-sector, forestry sub-sector, fishery sub-sector, livestock sub-sector, agricultural services sub-sector and fishery sub-sector. The calculation of the base value is carried out annually, over the last five years with the calculation results presented in Table 4.7. the following.

Table 4.7. Base value in the calculation of LQ in the agricultural sector of South Sumatra per sub-sector in 2015-2019

Agricultural Sector Business Field per Sub-sector	2015	2016	2017	2018	2019	Average	Description
a. Food Crops	0.71	0.78	0.77	0.75	0.75	0.75	Non-Base
b. Horticultural Plants	0.52	0.54	0.58	0.54	0.56	0.55	Non-Base
c. Plantation Plants	**1.37**	**1.31**	**1.29**	**1.31**	**1.28**	**1.31**	**Base**
d. Livestock	0.71	0.75	0.78	0.77	0.79	0.76	Non-Base
e. Agriculture and Hunting Services	**1.38**	**1.36**	**1.32**	**1.28**	**1.17**	**1.30**	**Basis**
f. Forestry and Logging	**2.05**	**2.02**	**2.17**	**2.11**	**2.14**	**2.10**	**Basis**
g. Fisheries	0.93	0.91	0.88	0.92	0.95	0.92	Non-Base

Source: Processed secondary data (2020).

In Table 4.7. above, it can be seen that there are 3 categories of sub-sectors in the agricultural sector that have basic or superior values, namely the forestry and logging sub-sector with an average LQ value of 2.10, the plantation sub-sector with an average LQ value obtained, namely of 1.31, and the sub-sector of agriculture and hunting services with an average LQ value of 1.30. So that the second hypothesis which states that the agricultural sub-sector with basic value is

the plantation and forestry sub-sector is true or accepts the hypothesis. The plantation crops sub-sector experienced a decline in value, from the LQ value of 1.37 in 2015 to 1.28 in 2019. The agricultural and hunting services sub-sector also experienced a decline in value, from the value of 1.38 in 2015 it has now decreased to 1 .17 in 2019. Unlike the forestry and logging sub-sectors, this sub-sector claims progress in value from 2.05 in 2015 to 2.14 in 2019. Conclusions from Table 4.6. as well as the explanation above that there are 3 sub-sectors within the agricultural sector in South Sumatra Province which have superior or basic values.
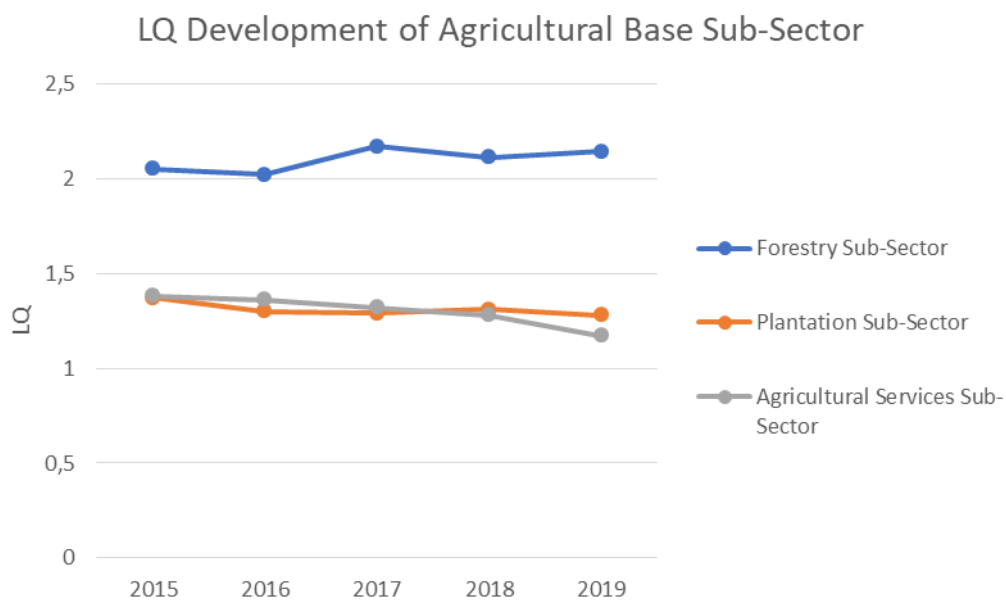
Figure 4.3. Graph of Sub-Sector Development Based on Agriculture Sector

In Figure 4.3. Based on the graph of the development of the sub-sector of the agricultural sector above, it can be seen that the developments in each of these sub-sectors have experienced ups and downs in the percentage or base value obtained. This happens because each sub-sector has different levels of demand and supply each year depending on how much is needed, the amount offered and how much demand is given by consumers.

Of the three sub-sectors, the first rank with a high LQ value per year is in the forestry sub-sector, where commodities in the forestry sub-sector provided by the Province of South Sumatra are logs, sawn timber and plywood. The second

rank is in the plantation sub-sector, where commodities in South Sumatra Province are coconut, rubber, coffee, oil palm, cocoa and others.
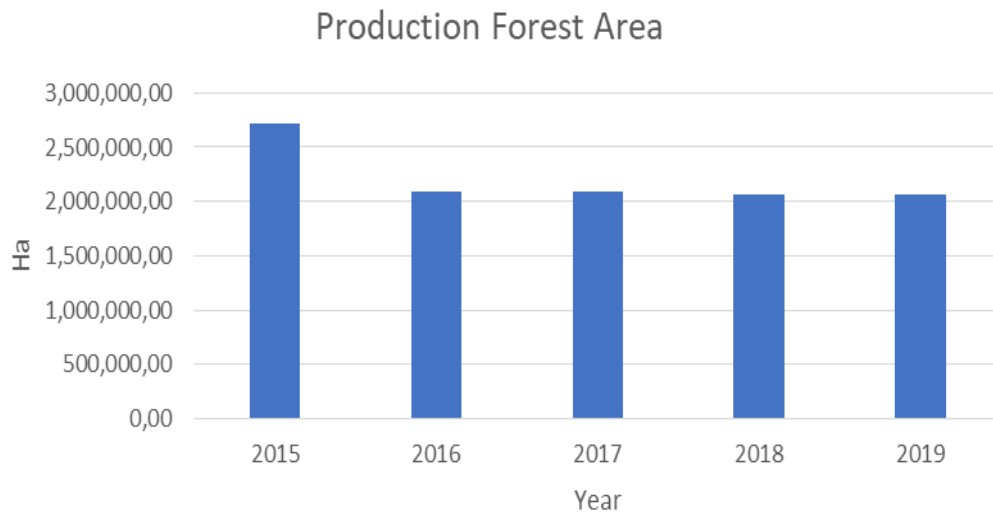
Source: South Sumatra Provincial Forestry Service

Figure 4.4. Production Forest Area (Ha)

Figure 4.4. The area of Production Forest Area (Ha) above is known that the largest land area was in 2015 with a value of 2,718,665.50 hectares and which will produce 3 types of wood, namely logs, saw wood and plywood. In the following year, namely in 2016-2017, the size of the production forest area is the same, which is 2,088,794.40, and in 2018-2019 the land area in this production forest area is also relatively the same with each value of 2,058,136.55 and 2,058,136.54 hectares. Production forest areas are divided into 3 types of areas, namely permanent production forest (HP), convertible production forest (HPK), and limited production forest (HPT).

Figure 4.5. Timber Production Chart in South Sumatra 2015-2019
Figure 4.5. The graph of Timber Production in South Sumatra for 2015-2019, shows the production results produced by the forestry sub-sector in South Sumatra Province, where the most wood production produced is in the type of logs with the highest value in 2017 which is worth 15,692,967, 0 m^3. In figure 4.3. it can be seen that the value of LQ in 2017 in the forestry sub-sector is the largest value among other years. This is due to one of them, namely the highest production in the forestry sub-sector in 2017 which has been described above.

Figure 4.6. Graph of Plantation Area of South Sumatra Province

Figure 4.6. The graph of the Plantation Land Area of South Sumatra Province in the last 5 years 2015-2019 shows that the largest land area is in the rubber commodity with a relatively unchanged area, being in the highest position among other commodities even though in 2017-2018 it was in the 2nd position is surpassed by the area in palm oil commodities. One of the causes or factors that made the land area for palm oil commodities in 2017-2018 get a drastically increased value is the production or demand increases and also prices for rubber and oil palm commodities on the international market have increased prices so as to increase the export value. in South Sumatra. The commodity with the least or

the smallest land among others is cocoa with the largest value, namely in 2019 with a value of 12,276.00 hectares.
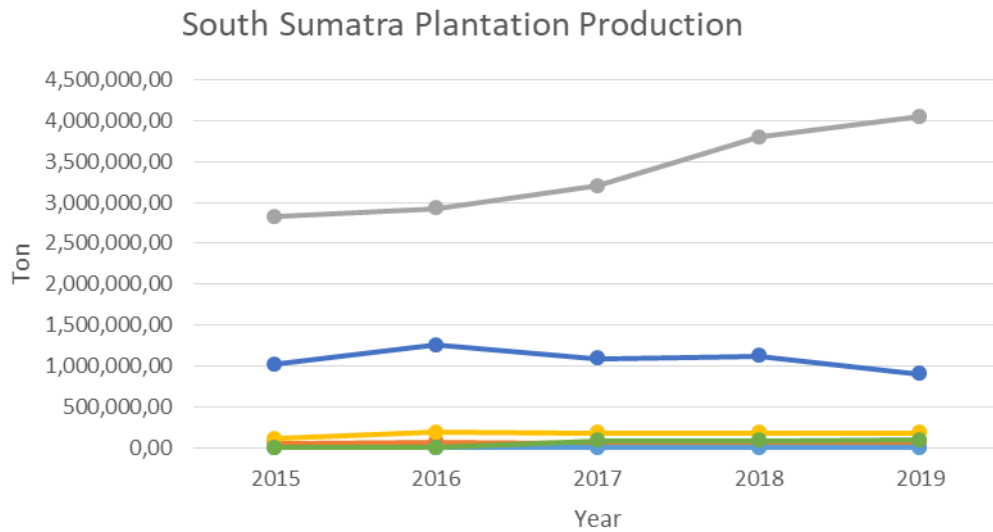

South Sumatra Plantation Production

Source: Plantation Office of South Sumatra Province

Figure 4.7. Graph of Plantation Crops Production in South Sumatra Province

Figure 4.7. The graph of Plantation Crops Production in South Sumatra Province shows that the highest production obtained from this sub-sector of plantation crops is the production of oil palm commodities with the highest production value in 2018 which is worth 4,733,939.50 tons and the lowest production value in 2015 with a value of 980,312.59 tons. The commodity with the lowest production value in the plantation sub-sector is cocoa, this also occurs in the area of land where the lowest land area is in the area of cocoa commodity. That is, the smaller the land also affects the small production of a plant that is on the land, so it can also affect the amount of product produced to the market.

When viewed from the land area of the forestry sub-sector and compared to the area of land in the plantation area, the forest area is larger and wider than the land area in the plantation area. Where the area of land affects the production that will be produced in each commodity of each sub-sector, it can be concluded that one of the factors that make the LQ value of the plantation sub-sector is lower when compared to the forestry sub-sector is the factor of land area, and the resulting production. on commodities in its sub-sector.

The third rank is in the sub-sector of agricultural services and hunting. In the sub-sector of agricultural services and hunting, the activities carried out are activities carried out by individuals or business entities based on special contracts granted to support activities in agriculture. Activities carried out within the scope of this service sub-sector are rental activities of agricultural or animal equipment with operators, and the risk of these service activities is borne by the service provider. Hunting and capturing of wild animals is included in the scope of population control and protection, including the protection and tanning of feathers, skins of poultry and reptiles resulting from hunting and capture. This includes hunting and trapping animals for the public good, preying on animals (dead or alive) for food, fur, skins or pets, and producing animal skins, reptiles or bird skins through hunting or fishing activities. Meanwhile, wild animal and plant breeding activities include captive breeding, expansion, and protection of wild animals and plants on land and marine animals (such as sea lions and seals and other marine mammals).

4.4. Competitiveness of the Agricultural Sector of South Sumatra Province

The competitiveness of the agricultural sector in the province of South Sumatra is calculated using the *Shift Share Analysis* (SSA) analysis tool using the PPW (Regional Share Growth) formula. The data used is the GRDP of the agricultural sector in South Sumatra Province and the GDP of the agricultural sector in Indonesia. There are approximately 17 economic sectors in the province of South Sumatra, one of which is the agricultural sector. analysis *shift share* using the Regional Share Growth formula, results or values can be obtained that tell the competitiveness of the agricultural sector in the province of South Sumatra is classified as good or not.

Table 4.8. PPWij value in the economic sector of South Sumatra

No.	SECTOR	Ra	Ri	Ri	(Ri-Ra)	(ri-Ri)	PPWij Billion	%
1.	Mining and quarrying						13,324.51	
		0.21	0.05	0.29	-0.16	0.24	24.08	2.
2.	Wholesale and Retail Trade	0.21	0.19	0.37	-0.01	0.18	4,308.76	17.57
3.	Manufacturing industry	0.21	0.18	0.25	-0.03	0.08	3,539.78	7.52
4.	Information and Communication	0.21	0.40	0.35	0.19	-0.05	1.147.94	14.31
5.	Housing/*Real Estate*	0.21	0.19	0.36	-0.02	0.17	1.106.90	15.04
6.	Provision of Accommodation and Food and Drink	0.21	0.24	0.56	0.03	0.32	954.26	31.55
7.	Construction	0.21	0.26	0.29	0.05	0.03	882 ,81	3.11
8.	Other Services	0.21	0.41	0.26	0.21	-0.16	102.20	5.01
9.	Transportation and Warehousing	0.21	0.33	0.35	0.12	0, 02	98.19	2.04
10.	Electricity and Gas Procurement	0.21	0.17	0.48	-0.03	0.31	71.76	30.89
11.	Company Services	0.21	0.39	0.38	0, 19	-0.02	45.69	17.23
12.	Water Supply, Waste Management, Waste and Recycling	0.21	0.22	0.23	0.02	0.00	1.28	0.43
13.	Health Services and Activities Social	0.21	0.31	0.17	0.10	-0.13	-57.85	-3.29
14.	Financial and Insurance Services	0.21	0.28	0.11	0.07	-0.17	-664.81	-9.99
15.	Education Services	0.21	0.21	0.11	0.00	-0.10	-731.60	-9.88
16.	Government Administration, Defense and Mandatory Social Security	0.21	0 ,18	0.11	-0.03	-0.07	-867.63	-10.12
17.	Agriculture, Livestock, Agricultural Services, Hunting, Forestry and Fisheries	0.21	0.16	0.08	-0.05	- 0.08	-3.636.28	-7.53

Source: Secondary Data (processed) 2020.

Note:

Ri   =   Production Ratio Of The Indonesian Region From The i-Sector
Ra   =   The Total Production Ratio Of The Indonesian Territory
ri   =   The i-Sector Production Ratio In The South Sumatra Region

Based on the decision rules on Regional Share Growth, if PPW > 0, it means that the i-th sector in the South Sumatra region has good competitiveness when compared to the same sector in the comparison area, namely the Indonesian region. On the other hand, if the PPW value < 0, it means that the i-th sector in the South Sumatra region is relatively uncompetitive when compared to the same

sector in the region under consideration, namely the Indonesian region. The value of the competitiveness of the economic sector, especially the agricultural sector of South Sumatra is presented in Table 4.6. which are summarized in Appendix 14. below. Based on the formula used to find competitiveness, PPWij = (ri-Ri)Yij, where ri is the production ratio of the South Sumatran agricultural sector, Ri is the production ratio of the Indonesian agricultural sector, and Yij is the production of the agricultural sector in South Sumatra in 2015 The calculation results produce a PPWij value = (-0.08)48.287.68 = -3.636.28 billion, so the third hypothesis which states that the agricultural sector already has a competitive advantage or competitive advantage in this study is not proven or rejects the hypothesis. In Table 4.8. above that the value of PPW in the agricultural sector of South Sumatra province produces a negative value, with a negative value of -3,636.28 billion and -7.53 in percent. It can be concluded that the agricultural sector in South Sumatra Province does not have good competitiveness when compared to the Indonesian region in the same sector.

4.5. The Contribution of the Agricultural Sector to the Economic Growth of South Sumatra Province

The contribution of the agricultural sector to economic growth in South Sumatra Province can be analyzed when all indicators in the *Shift Share* are obtained or have been calculated. The values of these indicators can show whether the agricultural sector makes a dominant contribution or not.Analysis *Shift Share* which will later show the contribution of the economic sector in South Sumatra Province. These indicators are 1) National growth indicators (PN); 2) Proportional growth indicators (PP) and; 3) The regional share growth indicator (PPW) and lastly calculate the net shift (PB).

4.5.1. Calculation of National Growth (PN)

Parameters that are useful for showing how the effects of a province's economic growth on the economy in its lower regions are called national growth. In this calculation, it can be seen how much influence the economic sectors in

South Sumatra Province have on the regional economy. As presented in Table 4.9. which is summarized from Appendix 14. below.

Table 4.9. PN Value of the Economic Sector in South Sumatra Province, 2015-2019

SECTOR	Pnij	
	billion	%
Mining and quarrying	11,448.74	20.69
Agriculture, Livestock, Agricultural Services, Hunting, Forestry, and Fisheries	**9,991.51**	**20.69**
Processing industry	9,738.88	20.69
Construction	5,875.10	20.69
Wholesale and Retail Trade; Car and Motorcycle	5,073.63	20.69
Government Administration, Defense and Mandatory Social	1,774.39	20.69
Information and communication	1,659.76	20.69
Educational Services	1,532.32	20.69
Housing/*Real Estate*	1,523.09	20 ,69
Financial and insurance services	1,376.35	20.69
Transportation and warehousing	995.93	20.69
Provision of accommodation and food and drink	625.78	20.69
Other services	422.46	20.69
Health services and social activities	363.62	20, 69
Water Supply, Waste Management, Waste and Recycling	61.34	20.69
Company services	54.87	20.69
Electricity and Gas Procurement	48.06	20.69

Source: Secondary data (processed) 2020.

The agricultural sector in South Sumatra province based on the calculation of the national growth component in the *Shift Share* the last 5 years, 2015-2019, it was found that the effect of the element of national growth (PNij) on the agricultural sector has a positive effect on the contribution of GRDP, which is Rp9 .991.51 or 20.69% of the contribution to GRDP at the national level.

4.5.2. Calculation of Proportional Growth (PP)

Proportional growth is a useful parameter to show the relative transition of the ability of a sector in the province of South Sumatra to the same sector in the region of comparison (Indonesia). The calculation results are presented in Table 4.10. which is summarized from Appendix 14. below.

Table 4.10. PP Value of Economic Sector in South Sumatra Province, 2015-2019

SECTOR	Ppij	
	Billion	%
Construction	1,529.15	5.39
Information and Communication	1,528.98	19.06
Transportation and warehousing	582.44	12.10
Financial and insurance services	458.12	6,89
Other services	424.27	20.78
Health services and social activities	178.02	10.13
Provision of accommodation and food and drink	98.87	3.27
Enterprise services	49.74	18.76
Water Supply, Waste Management, Waste and recycling	4.49	1.52
Educational Services	-6.62	-0.09
Electricity and gas supply	7.57	-3.26
Housing/*Real Estate*	-148.47	-2.02
Government Administration, Defense and Mandatory Social	-235 .97	-2.75
Wholesale and Retail Trade; Car and Motorcycle	-333.60	-1.36
Manufacturing industry	-1,414.46	-3.01
Agriculture, Livestock, Agricultural Services, Hunting, Forestry and Fisheries	-2,427.06	-5.03
Mining and quarrying	-8,645.26	-15.62

Source: Secondary data (processed) 2020.

The agricultural sector in South Sumatra province based on the calculation of the proportional growth component in the *Shift Share* the last 5 years, 2015-2019, it was found that the effect on proportional growth (PPij) had a negative value. This has the impact of GRDP growth in South Sumatra Province amounting to Rp-2,427.06 or -5.03%, which means that the growth of the agricultural sector on the GRDP side grows relatively slower than the growth of the same sector (agriculture) at the national or regional level. The growth of the agricultural sector is slower than the growth of the overall agricultural sector in Indonesia, and has resulted in a shift in the sector in the Province of South Sumatra as a result of the slow growth of the agricultural sector in Indonesia. This means that the agricultural sector in South Sumatra Province does not have a competitive advantage, where in total the agricultural sector has experienced a decline or decline from year to year during the 2015-2019 period in South Sumatra Province and in Indonesia.

One of the causes of the slow growth of the agricultural sector in the lower regions or in the South Sumatra Province is that the agricultural sector at the national level also experiences slow growth, so that when one of the top-level

economic sectors has slow growth or has a negative value, the same economic sector will also experience slow growth. will have a negative impact or growth in the economic sector concerned will experience slow growth as well.

On the labor side, the publication of data from the Central Bureau of Statistics South Sumatra Province regarding the employment situation from 2015-2019 states that there has been a sectoral transformation of the workforce from the primary sector (Agriculture, Hunting, Forestry and Fisheries and Mining and Quarrying) with low productivity to each sector, with higher productivity, namely the secondary and tertiary sectors

The agricultural sector has decreased every year in the last 5 years, namely 2015-2019, with the last total percentage of the population working in the agricultural sector in 2015-2016 having a percentage value of 48.43 and in 2019 it was 45.91 with a percentage 48.63 for male and 41.45 percentage for female.

4.5.3. Calculation of Regional Share Growth (PPW)

Regional Share Growth (PPW) is one of the parameters that provides explanations and information in determining the competitiveness of a sector within a certain region through comparison to a wider or national region. The agricultural sector in South Sumatra province is based on the results of the calculation of the regional share growth component in the *Shift Share* the last 5 years, namely 2015-2019. So that the results of the calculations that have been made in the form of Table 4.11 are obtained. which is summarized from Appendix 14. below.

Table 4.11. PPW Results of the Economic Sector in South Sumatra Province, 2015-2019

No.	SECTOR	Ra	Ri	Ri	(Ri-Ra)	(ri-Ri)	PPWij	
							Billion	%
1.	Mining and quarrying	0.21	0.05	0.29	-0.16	0.24	13,324.51	24.08
2.	Wholesale and Retail Trade	0.21	0.19	0.37	-0.01	0.18	4,308.76	17.57
3.	Manufacturing industry	0.21	0.18	0.25	-0.03	0.08	3,539.78	7.52
4.	Information and Communication	0.21	0.40	0.35	0.19	-0.05	1.147.94	14.31
5.	Housing/*Real Estate*	0.21	0.19	0.36	-0.02	0.17	1.106.90	15.04
6.	Provision of Accommodation and Food and Drink	0.21	0.24	0.56	0.03	0.32	954.26	31.55
7.	Construction	0.21	0.26	0.29	0.05	0.03	882 ,81	3.11
8.	Other Services	0.21	0.41	0.26	0.21	-0.16	102.20	5.01
9.	Transportation and Warehousing	0.21	0.33	0.35	0.12	0, 02	98.19	2.04
10.	Electricity and Gas Procurement	0.21	0.17	0.48	-0.03	0.31	71.76	30.89
11.	Company Services	0.21	0.39	0.38	0, 19	-0.02	45.69	17.23
12.	Water Supply, Waste Management, Waste and Recycling	0.21	0.22	0.23	0.02	0.00	1.28	0.43
13.	Health Services and Activities Social	0.21	0.31	0.17	0.10	-0.13	-57.85	-3.29
14.	Financial and Insurance Services	0.21	0.28	0.11	0.07	-0.17	-664.81	-9.99
15.	Education Services	0.21	0.21	0.11	0.00	-0.10	-731.60	-9.88
16.	Government Administration, Defense and Mandatory Social Security	0.21	0 ,18	0.11	-0.03	-0.07	-867.63	-10.12
17.	Agriculture, Livestock, Agricultural Services, Hunting, Forestry and Fisheries	0.21	0.16	0.08	-0.05	- 0.08	-3.636.28	-7.53

Source: Secondary data (processed) 2020.

The influence of regional share growth (PPW) in the agricultural sector has a negative value, namely the growth of GRDP in South Sumatra Province worth Rp.-3,636.28 or -7.53. This means that the agricultural sector of South Sumatra Province in the 2015-2019 period is relatively not competitive when compared to the same sector in the national region or the region being compared (Indonesia).

The cause of the agricultural sector not having competitiveness when compared to the same sector in the region above it or the area being compared is

due to the absorption of labor or the publication data of the Central Bureau of Statistics South Sumatra Province which has been described previously in the sub-chapter discussion of the results of the analysis of proportional growth, that in the primary sector (one of which is the agricultural sector) has experienced a decline or percentage decline every year for the last 5 years, namely in 2015-2019, and on the side of foreign trade as seen in the publication data of the Central Bureau of Statistics South Sumatra Province regarding foreign trade statistics, there is a decrease the export value of coconut commodities since the beginning of 2018, which at first the price of coconut in 2015 was 3,000 rupiah, now in the middle of 2018 it has fallen to below 1,000 rupiah. The abundance of coconut commodity production in the international market has a negative impact, namely the decline in export market absorption of domestic production, so domestic absorption has also decreased due to the lack of processing industries for various types of coconut products.

Coffee products, medicinal plants, spices and one of the aquaculture sub-sector products, namely shrimp cultured, also experienced a decline in export value. For coffee products, exports are experiencing shortages below their production capacity due to the low quality of coffee from South Sumatra, so that coffee products cannot compete with coffee in other regions. This is because most coffee farmers pay less attention to the activities and processes in coffee picking and post-harvest, where these processes can determine the quality of coffee.

According to published data from the South Sumatra Province South Sumatra Province, the agricultural sector in 2019 also experienced a decline in exports by 8.33 million US dollars, a decrease of 24.52 percent compared to 2018, which was the main cause of the decline in the agricultural sector on the export side or This foreign trade is the decline in annual exports of fruit commodities, one of which is the coconut commodity, which decreased by 23.89 percent compared to the previous year. The decline in the export value of coconut commodities in 2019, one of which was caused by a decline in coconut prices and the occurrence of refusal of coconut exports to Thailand because the quality of fresh coconut from South Sumatra did not meet the specifications set by Thailand, namely: less fresh coconut and the shoots have grown. In addition, medicinal

plant commodities, live fish from the cultivation sub-sector, coffee and spices from non-timber forest products also decreased in 2019 with each decreasing value of 46.27 percent, 12.51 percent, 13 .42 percent and 29.46 percent.

4.5.4. Calculation of Net Shift (PB)

The net shift value is used to identify the growth of an economic sector by adding the components of proportional growth and regional share growth. In this study, what is discussed is the agricultural sector in the province of South Sumatra. So that the values calculated in Table 4.12 are obtained. which is summarized from Appendix 14. below.

Table 4.12. PB Value of the Economic Sector in South Sumatra Province, 2015-2019

SEKTOR	PBij	
	Milyar	%
Agriculture, livestock, agricultural services, hunting, forestry, and fisheries	**-6,063.34**	**-12.56**
Mining and quarrying	4,679.25	8.64
Processing industry	2,125 ,32	4.52
Procurement of electricity and gas	64.19	27.63
Water Supply, Waste Management, Waste and recycling	5.77	1.95
Construction	2,411.96	8.49
Wholesale and Retail Trade; Car and Motorcycle	3,975.17	16.21
Transportation and warehousing	680.63	14.14
Provision of Accommodation and Food and Drink	1,053.13	34.82
Information and communication	1,147.94	14.31
Financial and insurance services	-664.81	-9 ,99
Real estate	1,106.90	15.04
Services	45.69	17.23
Government Administration, Defense and Mandatory Social	-867.63	-10.12
Educational services	-731.60	-9.88
Health services and social activities	- 57.85	-3.29
Other services	102.20	5.01

Source: Secondary data (processed) 2020.

In table 4.12. above, it is explained that the calculation of the net shift in the agricultural sector of the South Sumatra province yields a negative value of Rp.-3,636.28 or -7.53% which means that growth in the agricultural sector in South Sumatra Province is classified as sluggish (PB < 0) if compared to growth in the same sector in a wider area or national area being compared (Indonesia).

4.5.5. Determination of Quadrant *Shift Share* of South Sumatra Economic Sector

Determination of the location of the quadrant on the results of the *Shift Share* is used to show the existence and evaluate the growth profile of the South Sumatra province's economic sector, especially the agricultural sector. The process of evaluating the growth of the economic sector in the province of South Sumatra uses a profile on the growth of the economic sector with a predetermined time span using the values of %ΔPPij and %ΔPPWij. As presented in Table 4.13. which is summarized from Appendix 14. below shows the percent value of PP and PPW in the economic sector in South Sumatra Province which later can form 4 quadrants of the growth profile of the economic sector in South Sumatra, and there it can be shown in which quadrant the agricultural sector in South Sumatra province.

Table. 4.13. Value of %PP and %PPW of Economic Sector of South Sumatra Province

Code of Sector	Sector	%PP	%PPW
A	**Agriculture, Forestry, And Fisheries**	**-5.03**	**-7.53**
B	Mining And Quarrying	-15.62	24.08
C	Industry Processing	-3, 01	7.52
D	Electricity And Gas supply	-3.26	30.89
E	Water Supply, Waste Management, Waste And Recycling	1.52	0.43
F	Construction	5.39	3.11
G	Wholesale And Retail Trade; Car And Motorcycle	-1.36	17.57
H	transportation and warehousing	12.10	2.04
I	Provision of Accommodation and Food and Drink	3.27	31.55
J	information and communication	19.06	-4.75
K	financial and insurance services	6.89	-16.88
L	Housing/*Real Estate*	-2.02	17.05
M	Corporate Services	18.76	-1.53
N	Government Administration, Defense and Security	-2.75	-7.73
O	Educational Services	-0 09	-9.79
P	Health Services and Social Activities	10.13	-13.42
Q	Other Services	20.78	-15.77

Source: Secondary Data (processed) 2020.

In Table 4.13. above, it can be seen that the agricultural sector in the province of South Sumatra has a negative percent value. The percent value data is

in table 4.12. The above is used to determine the quadrant of the growth profile of the economic sector. Figure 4.8. below shows the existence of the economic sector, especially the agricultural sector in the province of South Sumatra.
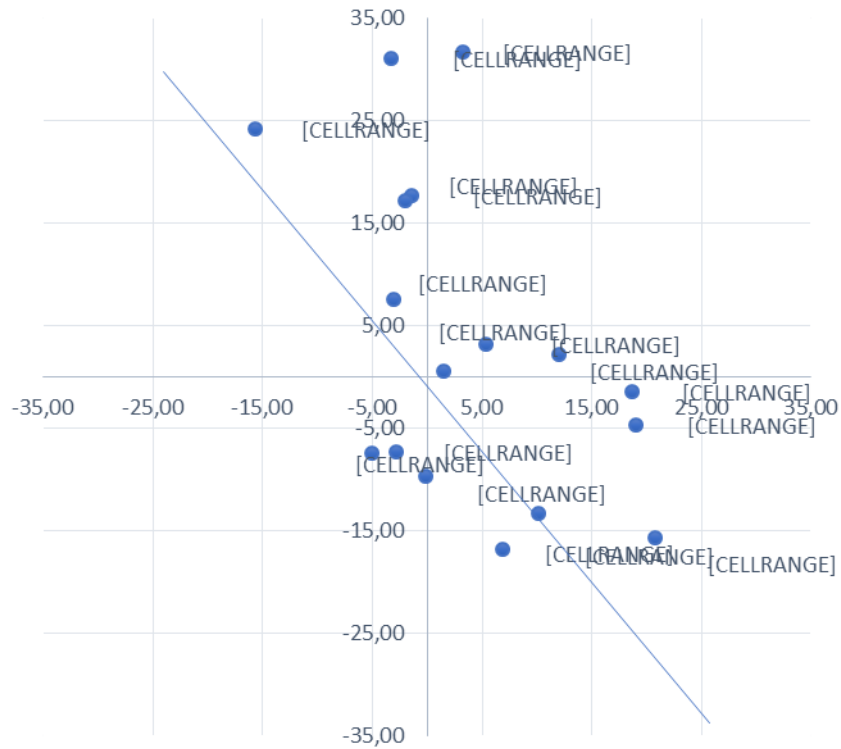

Figure 4.8. Graph of South Sumatra Economic Sector Growth Profile

Graph in Figure 4.3. The above shows the location of the economic sectors in the province of South Sumatra. The agricultural sector of South Sumatra province is located in quadrant 3 and is below the sloping line along with 2 other sectors, namely the government administration sector, defense and social security and the education services sector, meaning that the economic sectors in the province of South Sumatra have slow growth with poor competitiveness, or in these sectors are sectors with non-progressive growth or those sectors are classified as sluggish growth. This means that the agricultural sector does not share the dominant contribution to the GRDP of South Sumatra when compared to other economic sectors.

In the 2015-2019 period, the agricultural sector experienced a decrease in production value and superior value (LQ) every year, this was caused by other economic sectors that began to dominate the regional share in South Sumatra

Province and also decreased interest in work in the agricultural sector. South Sumatra Province has now been dominated by the non-agricultural sector, one of which is in the economic sector or the mining and quarrying business field, in 2015-2019 the mining and quarrying sector experienced rapid progress when compared to the agricultural sector in South Sumatra Province, because the sector become one of the contributors to regional development in the province of South Sumatra when viewed from the GRDP value and the LQ value obtained. The economic sector of the South Sumatra Province in 2015-2019 has undergone a change from the agricultural sector to the mining sector.

In order for the agricultural sector to share and make a dominant contribution to the growth of the GRDP of South Sumatra Province, the government is expected to carry out a process of adding selling value to the products or outputs produced by each commodity in the agricultural sub-sector that does not yet have a selling value and added added value. In order to increase the added value of agricultural products, when agricultural products have carried out these processes or activities, the added value of products in the agricultural sector will also increase, for example the grain produced by farmers is processed into rice, flour, bread and other products. In other agricultural sectors, the most important thing is that the government should pay more attention to the sub-sectors with basic value in the agricultural sector, namely the forestry services sub-sector, the plantation sub-sector and the agricultural and hunting services sub-sector. With this change in shape, the price level obtained will also increase and have an impact on the formation of GRDP value and can make a dominant contribution to GRDP growth in the South Sumatra Province.

CHAPTER 5
CONCLUSIONS AND SUGGESTIONS

5.1. Conclusion

The conclusions obtained from this study are as follows:

1. Based on the results of the LQ value in the agricultural sector which is analyzed using *Location Quotient*, is found that the agricultural sector is the leading sector in the province of South Sumatra in 2015-2019.

2. Based on the results of the LQ value to calculate the base value in the agricultural sub-sector, it was found that there are 3 agricultural sub-sectors out of 7 sub-sectors that have basic or superior values, namely the plantation crops sub-sector, the agricultural and hunting services sub-sector and the forestry and logging sub-sector.

3. Based on the results of the calculation of competitiveness in the agricultural sector using the Regional Share Growth (PPW) formula in the *Shift Share*, the results obtained with a negative value of Rp.-3,636.28 billion or -7.53 percent, meaning that the agricultural sector in the Province South Sumatra does not have good competitiveness when compared to the wider region (Indonesia) in the same sector.

4. The results of calculations based on using *Shift Share*, there is that the agricultural sector in South Sumatra Province is in the 3rd quadrant, where in that quadrant, the sector has slow growth and poor competitiveness, so the agricultural sector is not make a dominant contribution to the economic growth of its region.

5.2. Suggestion

From the conclusions obtained above, suggestions and inputs for further research are obtained, which include:

1. In using *Shift Share* analysis and *Loqation Quotient* (LQ) analysis, researchers use production/GRDP data, so in further research that will use both analytical tools. It is recommended to use labor data so that the results obtained are more optimal and accurate.

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2. Researchers look for the LQ value only to the agricultural sub-sector but not to the commodity, therefore in future research it is expected to find the LQ value to commodities in the agricultural sector so that the research results obtained are better and more detailed.

3. It is hoped that the South Sumatra Provincial government will pay more attention to farmers from upstream to downstream activities so that agricultural commodities can compete well with other regions.

4. It is hoped that the government will pay more attention to the processing industry for the agricultural sector, so that the agricultural sector has a good absorption of the domestic market and even the export market.

5. The agricultural services sub-sector is one of the sub-sectors with superior status in this study. So, it is hoped that the South Sumatra provincial government will pay more attention to the quality of agricultural services in the application of technology for agro-industrial products.

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