

**THE ANALYSIS OF ECONOMIC POTENTIAL SECTORS IN
YOGYAKARTA CITY 2011-2015**

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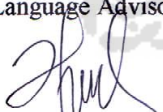


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DECLARATION OF AUTHENTICITY

Herein I declare the originality of the thesis; I have not presented anyone else's work to obtain my university degree, nor have I presented anyone else's words, ideas or expression without acknowledgment. All quotations are cited and listed in the bibliography of the thesis.

If in the future this statement is proven to be false, I am willing to accept any sanction complying with the determined regulation or its consequence.

Yogyakarta, March 20 2017


Ahmad Fathony

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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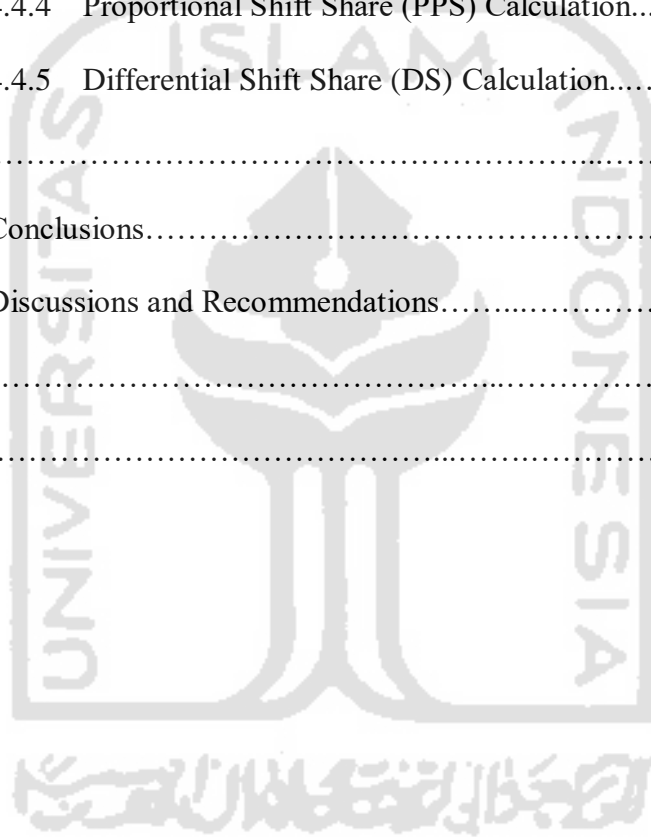
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TABLE OF CONTENT

PAGE TITLE.....	i
LEGALIZATION PAGE.....	ii
APPROVAL PAGE.....	iii
DECLARATON OF AUTHENTICITY.....	iv
ACKNOWLEDGEMENT.....	v
TABLE OF CONTENT.....	vii
LIST OF TABLE.....	xi
ABSTRACT.....	x
ABSTRAK.....	xi
CHAPTER I.....	1
1.1 BACKGROUND.....	1
1.2 Problem Formulation.....	6
1.3 Objectives and Research Benefit.....	6
1.4 Research Methods.....	7
1.5 Writing Systematics.....	8
CHAPTER II.....	10
2.1 Theoretical Review.....	10
2.1.1 Theory of Regional Economic Development.....	15
2.1.1.1 Economic Base Theory.....	15
2.1.1.2 Analysis of Location Quotient (LQ).....	17
2.1.1.3 Location Theory.....	17

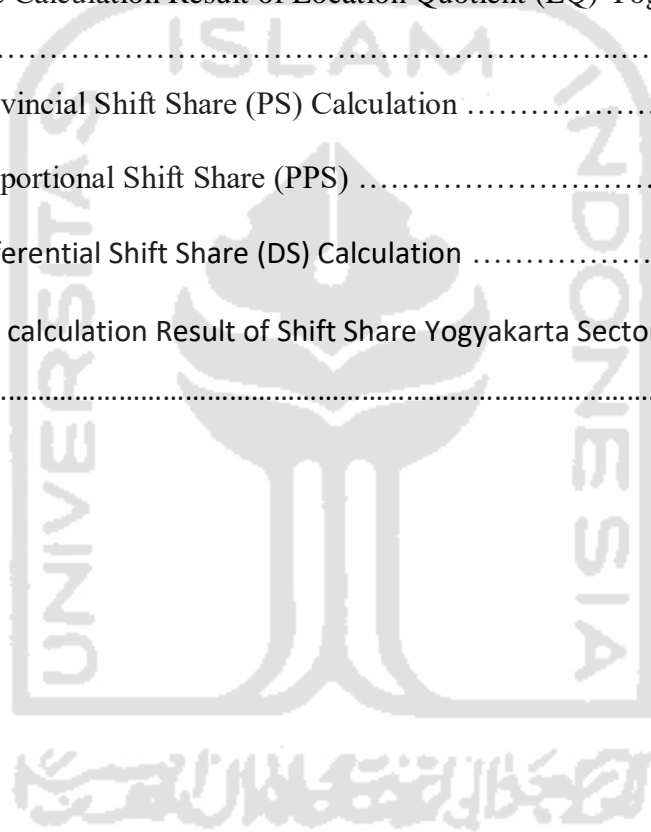
2.1.1.4 Central Place Theory.....	18
2.1.1.5 Cumulative Causation.....	19
2.1.1.6 Attraction.....	19
2.1.2 Regional Economic Development Strategy.....	20
2.1.2.1 Regional Economic Growth Theory.....	21
CHAPTER III.....	26
3.1 Analysis Methods.....	26
3.2 The Scope of Research.....	26
3.3 Types and Sources of Data.....	26
3.4 Methods and Techniques of Data Collection.....	26
3.5 Data Analysis Method.....	27
3.6 Analysis of Methods Tools.....	28
3.6.1 Analysis of Location Quotient (LQ).....	28
3.6.2 Shift-Share Analysis.....	30
3.7 Variable Operational Research.....	33
3.7.1 Economic Potential.....	33
3.7.2 Gross Regional Domestic Product (GRDP).....	33
3.7.3 Economic Growth.....	34
3.7.4 Economic Sectors.....	34
3.7.5 Economic Activity.....	35
CHAPTER IV.....	36
4.1 Geographical Location.....	36
4.2 Demography.....	36

4.3	The Economy.....	37
4.4	Result and Analysis.....	38
4.4.1	Location Quotient (LQ).....	38
4.4.2	Analysis Shift Share.....	40
4.4.3	Provincial Shift Share (PS) Calculation.....	41
4.4.4	Proportional Shift Share (PPS) Calculation.....	42
4.4.5	Differential Shift Share (DS) Calculation.....	43
CHAPTER V	47
5.1	Conclusions.....	47
5.2	Discussions and Recommendations.....	49
References	51
APPENDIX	53



LIST OF TABLES

1. Table 1.1 GDP by Industrial Origin at 2010 Constant Price in Yogyakarta City (million Rupiahs), 2011-2015.....	5
2. Table 2.1 Different Research	14
3. Table 2.2 Similarities Research	15
4. Table 4.1 The Calculation Result of Location Quotient (LQ) Yogyakarta 2011-2015	39
5. Table 4.2 Provincial Shift Share (PS) Calculation	41
6. Table 4.3 Proportional Shift Share (PPS)	42
7. Table 4.4 Differential Shift Share (DS) Calculation	43
8. Table 4.5 The calculation Result of Shift Share Yogyakarta Sectors 2011-2015	44



ABSTRACT

This study aimed to analyze the economic sectors, which specifically have the potential to become a base sector. This research analyzed sectors in the city of Yogyakarta in a five-year period between 2011-2015.

This study used secondary data from BPS (Central Bureau of Statistics) Yogyakarta. Analysis of the data focused on two methods: analysis of Location Quotient (LQ) and Shift Share (SS). LQ analysis was used to determine the basic sector, while the shift share analysis was used to determine which sectors have the potential of specialization or sectors that have potential competitiveness. The sample of this research is data from 12 sectors in the city of Yogyakarta, which comparatively analyzed with sectors from the whole districts in DIY in 2011-2015.

Based on the results of the Location Quotient (LQ), the result indicates that base sectors in Yogyakarta over the period of 2011-2015 is the Manufacturing Industry, Electricity and Gas, Information and Communications, Finance and Insurance Activities, Real Estate and Services.

According to the calculations of Shift Share (SS), Yogyakarta has many positive results that represent stable growth and potential specialization or competitiveness in Yogyakarta.

ABSTRAK

Penelitian ini bertujuan untuk menganalisa sektor-sektor ekonomi yang dalam kasusnya memiliki potensi menjadi sektor basis/unggulan. Analisa ini menggunakan sektor-sektor yang ada di kota Yogyakarta dalam periode 2011-2015.

Penelitian ini menggunakan data sekunder dari BPS (Badan Pusat Statistik) Yogyakarta. Analisis data yang digunakan terfokus pada 2 metode yaitu Analisis *Location Quotient*(LQ) dan *Shift Share* (SS). Analisis LQ digunakan untuk mengetahui sektor basis/unggulan, sedangkan analisis *Shift Share* digunakan untuk mengetahui sektor yg memiliki potensi spesialisasi atau sektor yang berpotensi daya saing. Sampel data yang digunakan yaitu data dari 12 sektor di Kota Yogyakarta dan analisa data perbandingan dari provinsi DIY periode 2011-2015.

Berdasarkan hasil penelitian dari *Location Quotient* (LQ) menunjukkan sektor-sektor basis atau unggulan di Yogyakarta selama periode 2011-2015 adalah Industri Manufaktur, Listrik dan Gas, Informasi dan Komunikasi, Keuangan dan Asuransi Kegiatan, Real Estat dan Jasa.

Menurut perhitungan *Shift Share* (SS) dapat ditentukan bahwa Yogyakarta memiliki banyak hasil positif yang berarti pertumbuhan di Yogyakarta memiliki nilai yang stabil dan baik dan sektor-sektor yang berpotensi spesialisasi atau memiliki daya saing.



CHAPTER I

INTRODUCTION

1.1 BACKGROUND

It has been twelve years since Indonesia faced unstable conditions in developmental process in all aspects. The central governance has set regulations, regarding the improvement of regional development throughout Indonesia, and has delivered those policies to local governments. Changes in the system of government, the management of local development, and the globalization of the economy activity will certainly lead to a dramatic increase in regional development. Regional development patterns that show a uniform tendency have begun to variably change. Therefore, depending on the region's economic development potential and key issues faced by the region concerned (Sjafrizal, Ekonomi Regional, Teori dan Aplikasi, 2008).

Due to this major concern, developing countries generally more focus on economic development that prioritizes the enlargement of local businesses and increases the prosperity that touches all levels of society. The welfare of society is closely related to improving the quality and standard of living as measured in National Gross Domestic Product (NGDP) and the Regional Gross Domestic Product (RGDP), either in provinces, districts, or cities.

The revolution of the government system and management in Indonesia in respect to local development and the globalization of economic activity are certainly going to cause a dramatic increase in the management of local development. Then, in the era of regional autonomy of each region or regions claimed to be looking for, manage, and identify the skills pertinent area. Thus, we need the proper development planning by taking into account its economic potential.

Another problem to be solved is to identify economic sectors that competitively have potentials and particular specialization. This problem is important; because the potential is not yet known, and it is hardly possible to enjoy the advantages. However, if it is known which sectors have the potential, then the government, which likely can grow these sectors, can enforce precision actions, such as taking stance and devising policies.

The problem encountered in the city of Yogyakarta is, related to economic potential, many areas of each district are used to drive the development of the industrialization that harming the developmental process of districts that should have been functioned as the means of the expansion of local business in the pre-industrialization age. With regional autonomy, all regions operate independently in developing their regions. In this case, you need to know which areas could serve as an example to spur the development of the industrialization.

However, the most important problem is the lack of priority in the development of the industrial sector basis. Eleven sectors owned by the city have a program in their economic activities. However, not all of them can be run simultaneously. For the determination of the priority sectors of the base should be carried out in the hope the government with its policies and its budget constraints prioritize potential sectors.

Local government needs to find creative and innovative ways to harness the economic potential that exists. Because there are still many untapped potentials that are not found yet, so it is necessary to find and to know the sectors that are possibly excelled in producing goods and services that are available in their location.

From the description above, we need a study to determine and to identify the potential of economic sectors in the regions in Yogyakarta as a guide in formulating the planning and implementation of development program to promote economic growth in the era of regional autonomy. Therefore, in this thesis, researcher wants to empirically test the matter discussed previously and entitle this research as “THE ANALYSIS OF ECONOMIC POTENTIAL SECTOR IN YOGYAKARTA CITY 2011-2015”.

The economy of the city of Yogyakarta in 2015 growth slowed compared to previous years. Yogyakarta GDP growth rate in 2015 reached 5.16 percent, while in 2014 amounted to 5.30 percent.

The highest economic growth achieved by the category of Financial Services and Insurance by 7.75 per cent. The whole category of GDP is another economy in 2015 recorded a positive growth except for Electricity and Gas Supply that grew negative 0.94.

As other consecutive categories show positive growth, the category of Health Services and Social Work was recorded at 7.39 per cent. Corporate Services category by 7.20 percent, 7.13 percent for Other services, Educational Services by 6.84 percent, Providing Accommodation, food, and beverages at 5.99 percent, 5.88 percent for Real Estate, Wholesale and Retail categories; and Cars and Motorcycles Repair at 5.70 percent. The category of Public Administration, Defense and Compulsory Social Security amounted to 5.12 percent and Information and Communication category at 4.86 percent. In addition, 3.96 percent for Construction, Transportation and Warehousing category of 3.92 percent. The category of Water Supply, Waste Management, Waste and Recycling was 2.61 percent and the category Manufacturing was 1.77 percent. Finally, the category of Agriculture, Forestry, and Fisheries was 0.89 percent and Mining and Quarrying was 0.14 percent.

If the GDP of a region divided by the number of people living in that area, it will produce a Per capita GRDP. Per capita GRDP at current prices shows the value of GDP per head or per one resident. In 2015, the GDP per capita of the city of Yogyakarta reached 65.154 million Rupiah with growth

at constant prices by 4.45 percent in 2011 and 4,05 respectively; 4.14; 4.01 and 3.88 per cent in 2012-2015 (BPS, 2011).

Table 1.1
GDP by Industrial Origin at 2010 Constant Price in Yogyakarta City
(million Rupiahs), 2011-2015

Industry	2011	2012	2013	2014	2015
Agriculture	35476	35709	36100	35734	36053
Mining and Quarrying	831	837	839	850	851
Manufacturing Industry	2708581	2630977	2813953	2943834	2995839
Electricity and Gas	40841	45057	47599	49151	48690
Construction	1458032,3	1526572	1600097,5	1674189	1740508
Wholesale and Repair Trade	1247376,9	1326261	1407239	1468894	1552645
Transport and Storage	771850	785335	815841	838087	870914
Information and Communication	2393738,0	2654508	2779291	2900953	3041922
Financial and Insurance Activities	1034827	1077853	1196260	1275250	1374111
Real Estate	1659930	1782655	1848546	1973549	2089602
Services	723400	769854,1	802613	841203	901374
GDP	18206090	19189075	20239557,7	21312143,8	22412176

Source: BPS Yogyakarta City 2011-2015

1.2 Problem Formulation

With the GDP data used in Yogyakarta will be outlined sectors become the leading sectors in Yogyakarta. It is intended to use as comprehensive information so that appropriate and targeted to the economy of the city of Yogyakarta. The topic raised in this study is entitled "THE ANALYSIS OF ECONOMIC POTENTIAL SECTOR IN YOGYAKARTA CITY 2011-2015". This is due to optimal development of the potential of the city. Referring to the background issues that have been raised, then the problems will be assessed are followings:

1. What are the economic base sectors that can boost economic growth in the Yogyakarta?
2. What are the economic sectors that have the potential competitive and comparative advantage for the Yogyakarta?
3. What are the economic sectors that have potential competitive and specialization for Yogyakarta?

1.3 Objectives and Research Benefit

This study aimed to analyze the economic potential and identify the economic sectors in Yogyakarta by:

1. Knowing the economic base any sector that can improve economic growth for the respective in Yogyakarta;
2. Knowing any economic sector that has the potential competitive and comparative advantage in Yogyakarta;

3. Knowing any economic sector that has the potential specialization for Yogyakarta

The results of this study are expected to be a source of inspiration, information and guidelines for policy makers and other researchers who are interested in this field:

1. Facilitate Yogyakarta governments make policy planning regional economic development both short term, medium term and long term based on the economic potential
2. As the information for consideration by the government of Yogyakarta on the performance of each sector
3. Adding references to economic growth in a region to be used as the basis for consideration of further studies

1.4 Research Methods

Methods of data collection is crucial to account for the scientific truth of a study, in addition to the research methods are also required to obtain results in accordance with the desired purpose of research. Methods that researchers use are:

1. Field Research

The author conducted research into places that provide secondary data needed as reference material such as the Central Bureau of Statistics (BPS).

2. Library research

And a strong theoretical grounding needed in solving the problem, so the authors do research decisions by collecting books, journals, scientific articles, data from the internet, other data-related research.

With the method of field research and library research obtained information for the secondary data used in this study were published by various agencies or institutions, among others:

1. The Central Statistics Agency (BPS) (DIY In Figures 2011-2015).
2. The Central Statistics Agency (BPS) (Regency in Figures DIY).
3. Books of Annual Statics Indonesia and many other scientific journals

1.5 Writing Systematics

CHAPTER I Introduction

This chapter explains or describes about the principal elements among them is the background of the problem, formulation of the problem, objectives and benefits of writing.

CHAPTER II Reader Review and Theoretical Framework

This chapter explains in detail the rationale that the authors use to uncover the issues raise, which accompanied previous studies.

CHAPTER III Method of Writing

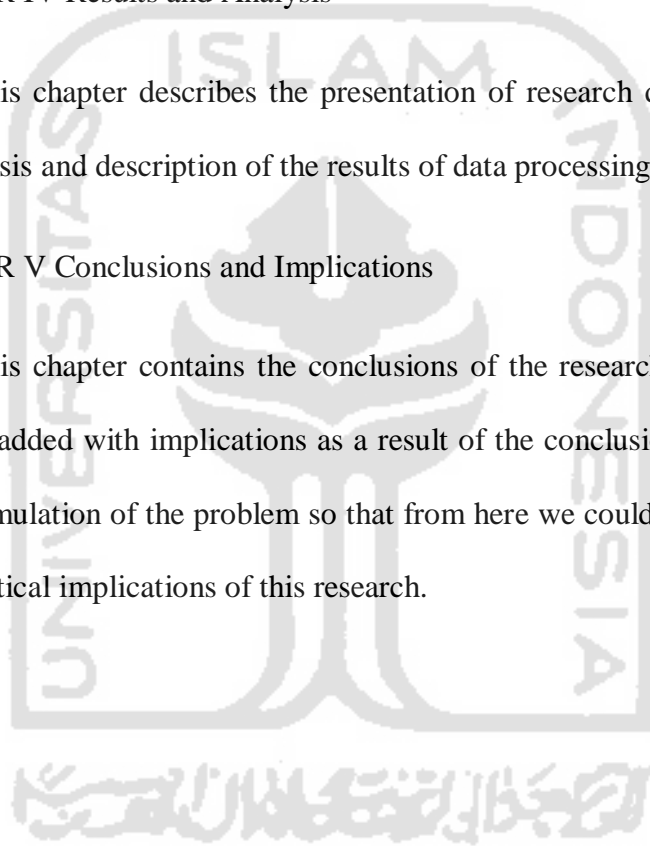
This chapter describes the types and ways of collecting the data, the operational definition of variables and methods of analysis used in the study.

CHAPTER IV Results and Analysis

This chapter describes the presentation of research data, presenting data analysis and description of the results of data processing.

CHAPTER V Conclusions and Implications

This chapter contains the conclusions of the research that has been done and added with implications as a result of the conclusions in response to the formulation of the problem so that from here we could conclude what the theoretical implications of this research.



CHAPTER II LITERATURE REVIEW

2.1 Theoretical Review

Several researchers have done research on a sector basis. The analysis is largely shift-share analysis and LQ.

According to Aditya Nugraha In 2013 research on "ANALISIS POTENSI EKONOMI KABUPATEN DAN KOTA DI PROVINSI DAERAH ISTIMEWA YOGYAKARTA". From the analysis and discussion, it can be inferred from the LQ results that the agriculture, mining and quarrying, manufacturing sector and the sector are the basis merits dominant sector in the province of Yogyakarta since there are three districts or cities in five districts or cities. While the construction sector, trade, hotels and restaurants, as well as the financial sector, leasing and business services are located in two districts or cities. For the sector of electricity, gas, and water supply as well as transport and communications sector is only owned by the district or cities. Sleman and Yogyakarta have the most basic sector with five base sectors. While Gunung Kidul have at least the basic sector of only two sectors. Shift-Share analysis results in the province, shows that there are some districts or cities that have the advantage or competitiveness, and specialization. The sectors include:

- a. The agricultural sector has competitive advantage and specialization in three districts of Kulon Progo, Bantul and Sleman;

- b. The building sector has a competitive advantage and specialization in Bantul;
- c. Trade, hotels and restaurants have a competitive advantage and specialization in Sleman;
- d. Finance, leasing and services firms have a competitive advantage and specialization in Sleman;
- e. Transport and communications sector has a competitive advantage and specialization in the city of Yogyakarta.

Not all sectors of the base in the district or city has its specialties. Similarly, not all of the criteria that make specialization is not necessarily as a sector basis.

According to Andreas Andy Permana research about "ANALISIS SEKTOR POTENSIAL DAN PENGEMBANGAN WILAYAH KABUPATEN/KOTA (STUDI KASUS PROVINSI DAERAH ISTIMEWA YOGYAKARTA PERIODE 2007-2012)." Based on the Location Quotient analysis results obtained from this study indicate that the agricultural sector, mining and quarrying, manufacturing and services sector is the dominant sector in the DIY base. From the results of the analysis showed no shift share basis in all sectors of the district or city in the province of Yogyakarta has a competitive advantage or specialization. Similarly, not all of which possessed a competitive advantage and specialization is not necessarily a sector basis. Based on Klassen Typology, Yogyakarta city is included in the Regional Typology of Fast Forward and

Fast Growing. While Bantul is included in the Fast Evolving Regional Typology. Three other districts namely Kulon Progo, Gunung Kidul, and Sleman included in the Typology of Relative Disadvantaged Regions.

According to Mustafa AB research about "ANALISIS SEKTOR BASIS TERHADAP PERTUMBUHAN EKONOMI DI PROVINSI DAERAH ISTIMEWA YOGYAKARTA TAHUN 2003-2007." Based on this analysis we can conclude Analysis results Location Quotient (LQ) of the study area the GDP and GDP shows that economic growth has a positive value. It can compete in Indonesia based on the coefficient Location Quotient (LQ) that is from 1.85 Services sector. Transportation sector is 1.58, 1.41 Building sector, the sector of Electricity and Water 1.33, 1.29 Agricultural sector, the Trade, Hotels and Restaurants 1.21 and the latter 1.02 Financial sector. The influence of the export base of the economic growth potential and adequate resources are supported by the infrastructure, facilities, geographical location, human resources, and other resources that exist in the sector of the Province of D.I. Yogyakarta. To achieve better economic growth, areas need to be developing and developed. The growth of many sectors of the economy can support one another. Therefore, sectors have the potential or advantage to be the basic sector and non-sector basis should be examined. Some of the activities of economic sectors in an area is basic (basis), this means that growth rose and determine the development regarding the whole region, while not base economic sectors are the

consequences regarding the development of entirely in the Province of D.I. Yogyakarta.

According to RAMDANI YAKUB research about "ANALISIS PEREKONOMIAN MASYARAKAT WILAYAH PESISIR KABUPATEN GUNUNGKIDUL, DAERAH ISTIMEWA YOGYAKARTA PERIODE 2009-2013." It can be concluded that based on the Location Quotient indicating the agriculture and construction sectors and services as a sector basis in coastal areas of Gunung Kidul Regency. Shift-Share analysis results indicate that the sector is competitive sectors, namely agriculture, manufacturing, construction sector, and services. The results of the Klassen Typology analysis of the region for advanced and thriving is Tanjungsari and Girisubo. Region categorized as advanced but depressed region is Purwosari district. While the region classified as relatively undeveloped area is the Bake, Saptosari, and Tepus District. The results of the analysis of the economic structure changes indicate that a shift in the economic structure in coastal areas of Gunung Kidul Regency primary sector was leading to the tertiary sector, although the shift level is still relatively small.

Table 2.1
Different Research

ANALISIS POTENSI EKONOMI KABUPATEN DAN KOTA DI PROVINSI DAERAH ISTIMEWA YOGYAKARTA	
Year of Research	2013
Research Purpose	Analyzing the potential competitiveness of the economic sectors in Central Java
Research Object	Central Java Sectors
The Scope of Research	Central Java
Method	<i>Location quotient and shift share, TipologiKlassen</i> and Development Ratio Model (MRP).
Research Result	The results of this study concluded that the district / city has the potential of each according to his condition. Sectors of Agriculture, mining and quarrying sector, the sector of processing industry and the services sector is the dominant sector basis in the province because 3 The district has a basis / featured in this sector; while other sectors varied specialized sector of electricity, gas and water supply as well as transport and communications sector only owned the city of Yogyakarta as well as the City has the most basic sector as Sleman (5 Sector basis).

Table 2.2
Similar Research

THE ANALYSIS OF ECONOMIC POTENTIAL SECTOR IN YOGYAKARTA CITY	
Year of Research	2015
Research Purpose	Analyzing the economic sector that has the potential and base sector, and also the competitive and comparative competitiveness in Yogyakarta
Research Object	Yogyakarta city and DIY
The Scope of Research	Yogyakarta
Method	<i>Location quotient and shift share</i>
Research Result	

In the description above table can be seen the differences and similarities between these two theses. The difference lies in years of research, the object of study, research objectives, and scope of the study. While the only similarity lies in the methods used, namely Location quotient, shift share. It can be concluded that this study and the original author did not do duplication in this study.

2.1.1 Theory of Regional Economic Development

2.1.1.1 Economic Base Theory

The economic base theory states that the main determinants of economic growth of a region are directly related to the demand for goods and services from outside the area (Arsyad, Pengantar Perencanaan Ekonomi Daerah, 2002, p. 116). The theory of these bases is classified into two sectors, a sector basis, and non-sector basis.

Sector is a sector basis the activity of export-oriented economy out of bounds area concerned. Sector has the role of prime mover base in the growth of a region. The larger the area the more advanced exports a growth area. Every changed that occurred in the double-base effect in the regional economy.

When the non-base sector is the sector that provides goods and services the people within the borders of the respective economies. The broad scope of the production and marketing is local. The essence of this theory is that the direction and growth of a region defined by the region's exports.

Regional development strategy that emerged based on this theory is the emphasis on the importance of assistance to businesses that have national and international markets. Policy implementations include the reduction of barriers or constraints on firms existing export-oriented and will be established in the area.

To analyze the economic base of a region used Location Quotient (LQ). LQ is used to determine how much the level of specialization sector basis or featured by comparing its role in the economy of the region with similar industrial activity or role in the regional economy (Emilia I. , 2006).

LQ using the ratio of the total value of GDP in a region (district / city) compared with a ratio of GDP in the same sector in the reference area (provincial / national).

2.1.1.2 Analysis of Location Quotient (LQ)

LQ analysis is useful to identify the economic base (the base sector) region. Location Quotient is an economic development tool that is much simpler with its advantages and limitations. LQ technique is one approach that is commonly used in the economic model base as a first step to understanding the sector of activity that trigger growth. LQ measures the relative concentration or degree of specialization of economic activities through the approach of consideration (Ron Hood, 1998). The value LQ, the higher performance of these subsectors compared to other sub-sectors or subsectors in other areas, so that the value of LQ illustrate the competitive advantages of a sub-sector in a region (Wicaksono, 2011).

2.1.1.3 Location Theory

Alfred Weber German economist wrote a book entitled *Uber den Standort der Industrien* in 1909. This book was translated into English in 1929 by C.J.Friedrich with the title of Alfred Weber's Theory of the Location of Industries (Tarigan, 2005). The theory was pioneered by Weber is specific to the processing industry activities. So the theory is strongly associated with the development of industrial estates. To further explore the use approach least cost analysis in its application. This theory

suggests the company to minimize costs by selecting the strategic location and approach the market. Strategic in the sense of ease in got the raw materials and easy distribution of goods or services.

Least cost analysis is based on several key assumptions, namely the location of markets and sources of raw materials, most of the raw material is localized materials, no change of technology as well as transportation costs remain. Weber concluded that the optimum location of an industrial enterprise is generally located where demand is concentrated or source of raw materials. When an industrial companies choose a location on one of the two places, the freight charges for raw materials and products will be minimized and agglomeration advantages arising from the concentration of the company at a given location can be utilized as much as possible (Emilia I. , 2006).

There are many variables that affect the quality or suitability a location e.g. labor costs, energy costs, availability of suppliers, communication, education facilities and training (training), the quality of local government and its responsibilities and sanitation (Arsyad, Pengantar Perencanaan Ekonomi Daerah, 2002).

2.1.1.4 Central Place Theory

The central place theory assumes that there is a hierarchy of places. Each central place supported by a number of smaller venues that provides the resources (industrial and raw materials). The central place of a

settlement provides services for area residents who support it.

This theory can be applied to the region's economic development, both in urban and rural. For example the necessity of making a distinction between the functions of the areas that border. Some areas could be area service providers, while others only as a residential area (Arsyad, Pengantar Perencanaan Ekonomi Daerah, 2002, p. 117)

2.1.1.5 Cumulative causation

The condition of the areas around the city are getting worse showing the basic concept of cumulative causation of this thesis. Market forces tend to lengthen the gap between these areas. Therefore, we know there are so-called developed regions and underdeveloped areas. Advanced areas accumulate a competitive advantage over other regions. This is what is referred to as backwash effect (Arsyad, Pengantar Perencanaan Ekonomi Daerah, 2002).

According to this model, disparities in regional development will only be reduced through government programs. If only handed over to the market mechanism, then regional imbalances will continue to increase along with the increase in construction (Sjafrizal, Ekonomi Regional, Teori dan Aplikasi , 2008).

2.1.1.6 Attraction

Theory attractiveness of the industry is the economic development

model that is most widely used by people. The underlying economic theory is that a community can improve its market position to the industrialists through the provision of subsidies and incentives (Arsyad, Pengantar Perencanaan Ekonomi Daerah, 2002, p. 118).

2.1.2 Regional Economic Development Strategy

Purpose of the main economic development planning is to provide employment opportunities for residents. Furthermore, the goal is to achieve the economic stability of the region. Economic development will be successful if it is able to meet the needs of the business, such as land, finance, and infrastructure. In order to achieve successful economic development, the activities in it should be protected and free from usurious practices. The next goal is to develop the economic base and diverse employment opportunities. This is in anticipation of the possibility of sectors economic fluctuations that will affect the employment opportunities of society.

Generally, regional economic development strategies can be grouped into four, namely: (1) Physical Development Strategy / Localities, (2) the Business Development Strategy, (3) Human Resources development Strategy, (4) Development Strategy Community. (Evi, 2009).

2.1.2.1 Regional Economic Growth Theory

a. The theory of Adam Smith

Adam Smith divides five stages of economic growth sequential stages starting from the hunt, breed period, and the period of cultivation, trade period, and phase of an industry. According to this theory, people will move from a traditional society modern capitalist community. In the process, economic growth will be increasingly encouraged by the system of division of labor among economic actors. Smith looked at workers, as one of the inputs of production, the division of labor is a central point of discussion in this theory as an effort to increase productivity. In economic development, capital plays an important role.

The accumulation of capital will determine the fast or slow the economic growth that occurs in a country. The growth process will occur simultaneously and have a relationship independent from each other. The emergence of the increase in employment in a sector will increase the attractiveness for capital formation, fostering technological advances, increasing specialization and expand the market. This will encourage economic growth acceleration. The process of economic growth as a function of the destination must ultimately function is subject to the constraint that limited economic resources (Kuncoro M. , 2003).

b. Theory Walt Whitman Rostow

According to Rostow in his book *The Stage of Growth Economics* (1965) economic growth process can be divided into five phases: first, the traditional society which at this stage people use production methods are still primitive with hereditary habits. Second, the prerequisite takeoff stage where transformation occurred in all sectors of life such as the transformation of the agricultural sector to the urban sector. Third, the stages of takeoff where there are drastic changes either in the form of political revolution, the creation of a wide range of innovations and the emergence of new markets. Fourth, step towards maturity where the industry has been developing rapidly, effective use of technology in all sectors of production, rising labor skills and social changes occur. Fifth, high consumption stage where everything is oriented to the problem of consumption instead of production (Zakaria, 2009; Jhingan, 2010).

c. Harrod Domar Theory in Regional Systems

This theory was developed by Roy F. Harrod (1948) in England and Evsey D. Domar (1957) in the United States. In contrast to Keynes who see the economy in the short term, this theory of the long-term view that is based on several assumptions:

- 1) The economy is closed
- 2) The desire to save ($MPS = s$) is constant

3) The production process has a coefficient fixed

4) The growth rate of the labor force is constant and equal to rate of population growth.

Based on these assumptions, Harrod-Domar made analysis and concluded that the long-term steady growth (the entire increase in production can be absorbed by the market) can only be achieved if fulfilled the terms of a balance as follows:

$$g = k = n$$

Information:

g = Growth (the growth rate of output)

k = Capital (capital growth rate)

n = labor force growth rate

To ensure a balance between savings (S) and investment (I) there must be a link in delicate balance, whereas the role of k to generate additional production is determined by v (capital output ratio). (Tarigan, 2005).

d. Theory of Thomas Robert Malthus

Malthus focused attention on the welfare of a country's development, namely economic growth can be achieved by improving the well-being of a country. The welfare of a country depends partly on the amount of output produced by labor and partly on the value for the product (Jhingan, 2010).

1. Gross Regional Domestic Product (GRDP)

Gross Domestic Product (GDP) is one of the important macro-economic indicators to determine the economic conditions in an area over a certain time period. According to Central Bureau of Statistics (2011: 2) the GDP is the total value added generated by all production units within a certain region or a total value of final goods and services produced by all economic units.

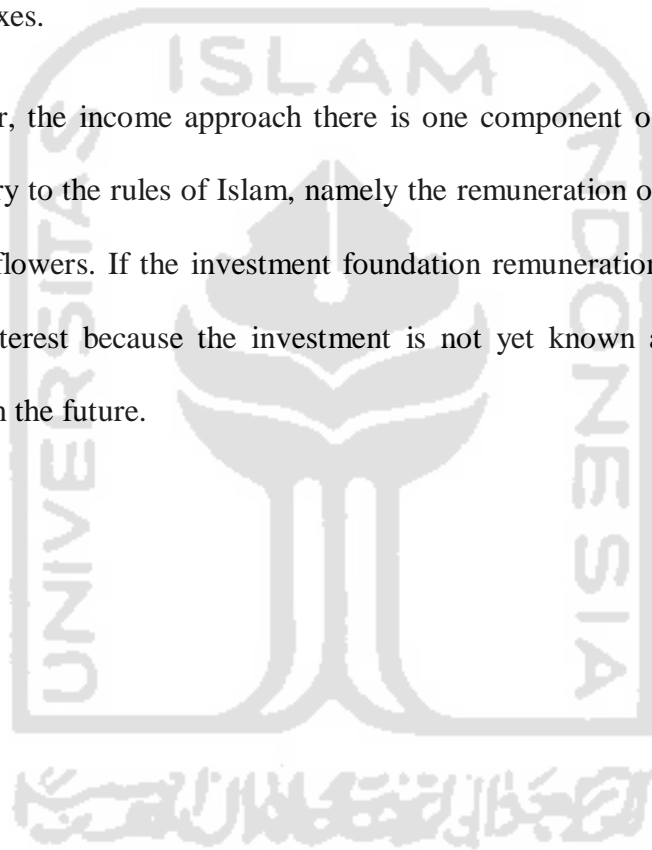
The GDP calculation using the two kinds of prices, the GDP at constant prices and the GDP at current prices. The GDP at constant prices is calculated using fixed prices in a given year as base / reference. While the GDP at current prices calculated using the current year. GDP based on the applicable illustrate the value-added goods and services.

There are three approaches used in the intentional GDP, namely:

- a. Production approach, that the total value of final goods and services produced by all production units / sectors in a region in a given period (usually one year).
- b. Expenditure approach, i.e. the sum of all the components of final demand in the region, within a certain period. Final demand components includes household consumption expenditure, private consumption expenditure of non-profit institutions, government consumption expenditure, gross domestic fixed capital formation, changes in inventories or stock, and net exports.

c. The income approach and the sum of all remuneration received by factors of production are used in the production process in a region within a certain period. Components of remuneration of production factors in question are wages and salaries, rent for land, capital interest and gains. All of these components before the deduction of income tax and other direct taxes.

However, the income approach there is one component of remuneration, which is contrary to the rules of Islam, namely the remuneration of capital loaned in the form of interest. If the investment foundation remuneration should be the result not of interest because the investment is not yet known advantages and disadvantages in the future.



CHAPTER III RESEARCH METHOD

3.1 Analysis Methods

The research methodologies are steps and procedures that will be performed in the collection of empirical data or information in order to solve the problems and test the research hypothesis. In gathering the data required for preparing this thesis, the research methods used are as follows:

3.2 The scope of research

The scope of this study is to investigate the potential of the sector and specialist in Yogyakarta, determine the level of the economic advantages and knowing the potential of competitiveness in Yogyakarta.

3.3 Types and Sources of Data

The data are taken from the author in this research is secondary data derived from official publications, the Central Statistics Agency of Yogyakarta, the central body of statistics for the city of Yogyakarta, the GDP and other sources were published, as well as previous studies. Years of data were in 2011 to 2015 in constant prices.

3.4 Methods and Techniques of Data Collection

In writing this essay, the author using library research (library research) the research done through the library materials such as books,

scholarly writings, journals, articles, and research reports related with this research.

The data collection technique is to do with the direct recording in the form of time series data (time series) from the years 2011-2015 from the Central Statistics Agency DIY.

3.5 Data Analysis Method

The analytical tool used to answer the problem of the formulation of the problem there is:

- a. To answer the first formulation of the problem is on a sector basis in Yogyakarta used Location Quotient (LQ). Location Quotient (LQ) is used to see the sectors that have economic potential in its growth. Then, sector-sector that has the potential to be identified by classifying the fruit sector has the potential to shift share analysis.
- b. To answer the second formulation of the problem is to determine the potential of the sector competitive or competitive in Yogyakarta, use Shift Share analysis tools using the GDP variable Yogyakarta and DIY.
- c. To answer the problem formulation are three that determine competitive economic sectors and specialists can be analyzed from the previous shift share analysis. Sector which has specializes in Yogyakarta will look after observing the data shift share previously.

3.6 Analysis of Methods Tools

3.6.1 Analysis of Location Quotient (LQ)

LQ analysis is useful to identify the economic base (the base sector) region. With this analysis, it can be seen how much the level of specialization or the seed sector basis (leading sector) in a region. The data used is the employment (labor) and the GDP. In this study, the data used is the GDP (Emilia, 2006, p. 24).

This analysis is used to identify and determine the economic sector, which are the sector and the non-base basis. The basic sector is the sector with economic activity that the production may be to serve the market both within and outside the boundaries of the economy of the communities concerned. While non-bases sector is a sector with economic activity that is only able to provide goods and services needed by the people who reside within the boundaries of society's economy is concerned. This sector is not able to supply goods and services out of bounds the economy, so the scope of production and the market is primarily localized are.

By using the total of the GDP of Yogyakarta and the GDP of DIY or sectors then value of LQ will be obtained.

Formula Location Quotient (LQ) is as follows: $LQ = \frac{(Jig/Jg)}{(Diy/Dy)}$

Where:

- LQ = Coefficient Location Quotient
Jig = Value of the sector GDP in Yogyakarta
Jg = Value of the total GDP in Yogyakarta
Diy = Value of the sector GDP in DIY
Dy = Value of total GDP in DIY

Based on calculations LQ can be analyzed and summarized as follows:

- a. If $LQ > 1$, then the sector is categorized as a sector basis, meaning the city specialized rate higher than the provincial level. The production of the commodity in question has exceeded the consumption needs in the areas where the commodity is produced and the excess can be sold out of the region (export).
- b. If $LQ = 1$, then the same city with the degree of specialization at the provincial level. The production of the commodity in question is only sufficient for local needs. The production of these commodities insufficient consumption in the regions concerned and fulfillment imported from other regions.
- c. If $LQ < 1$, then the sector is categorized as non sector basis, meaning the city of specialization level lower than the provincial level.

LQ example calculation:

If Yogyakarta has 10% of its employment in Industry/jobs and the Indonesia average is 2.5%, then LQ: $10/2.5 = 4.0$

$LQ_i = 4.0$ means we have 4 times as many jobs as the national average hence; we are specialized and producing for export.

If $LQ < 1.0$ we are not self-sufficient an industry

If $LQ > 1.0$ (especially if over 1.25) then producing for export

If the LQ is greater than 1.0, we are producing in excess of local demand.

We calculate the number of jobs producing for local versus export demand using this formula export Jobs = $(1.1/LQ) \times$ Jobs in Industry i

3.6.2 Shift-Share Analysis

Shift Share Analysis is a very useful technique to analyze changes in the economic structure of the national economy compared the area. The purpose of this analysis alone is to determine the performance or productivity of the region's economy by contrasting with the larger area (region / national).

This analysis provides data on the economy's performance in the three areas that relate to one another, namely (Arsyad, Pengantar Perencanaan Ekonomi Daerah (edisi kedua), 2002, pp. 139-140):

- a. Provincial shift, the regional economic growth is measured by analyzing the aggregate sectors changes compared with changes in the same sector in the economy is used as a reference. Provincial shift is to showing the rate of economic growth in the region. Thus, it can be seen whether the regional economy is concentrated in industries that are growing faster than the economy as a reference.
- b. Proportional shift measures the changes in the relative growth or decline in the area compared to the larger economy as a reference and also to showing the competitive and comparative advantage each sectors in the point of the positive or negative values.
- c. Shift differential or differential shift is used to determine how much the competitiveness of regional industries with the economy as a reference.

Shift Share Analysis is a technique that is performed to determine / illustrate shifts or changes in the sectors in a region that determines the performance of the region compared to the performance of the sectors of the national economy. Shift Share Analysis states that economic growth in the region is closely related to the three components, namely components for national growth, the interaction component of the industrial sector and the relative share of the regional sectors of national sectors. Thus has the shift result of regional economic development, when the area was made progress slower or faster than the national progress (Bendavid-Val , 1993).

Shift-share analysis is a very useful technique for changing economic change. This technique depends on the rate of growth of sectors in a region with the rate of growth of the national economy and its sectors, and the success of deviations from those comparisons. If the deviation is positive, it is called the competitive advantage of a sector within the region.

Provincial Share (PS) can be formulated as follows: $pi_t =$

$$pi_{t-1} \left(\frac{p \text{ DIY}_t}{p \text{ DIY}_{t-1}} - 1 \right)$$

Where:

- PS = provincial share
- p = sector production
- i = commodity sector production
- t = year/period

The shift proportional or a proportional shift component (PPS) can be

$$\text{formulated as follows: } pi = pi_{t-1} \left(\frac{pi \text{ DIY}_t}{pi \text{ DIY}_{t-1}} - \frac{p \text{ DIY}_t}{p \text{ DIY}_{t-1}} \right)$$

Where:

- PPS = proportional shift share
- p = proportional shift
- i = commodity sector production
- t = year/period

Shift differential or differential shift share (DS) can be formulated as

$$\text{follows: } Ds = p_i \left(\frac{p_{i_t}}{p_{i_{t-1}}} - \frac{p_i^{DIY_t}}{p_i^{DIY_{t-1}}} \right)$$

Where:

Ds = Differential shift

i = commodity sector production

t = year/period

3.7 Variable Operational Research

3.7.1 Economic potential

Economic Potential in question in this research is everything that belongs to the areas that might or should be developed so that it will continue to be a source of livelihood of the local people can even help the regional economy as a whole to evolve by itself and continuous (Soeparmoko, 2007).

3.7.2 Gross Regional Domestic Product (GRDP)

Gross Regional Domestic Product (GDP) is the sum of value-added goods and services produced of all economic activities in a region (CBS, 2010).

The GDP is one indicator for the economic development of a region. The GDP is calculated based on current prices and at constant prices. GRDP in this research based on the constant price, in the base year 2000.

3.7.3 Economic Growth

Growth in question is the average GDP growth since the years 2011-2015 were calculated using the formula:

- a. For growth by industrial origin used $(D * ij - Dij) / Dij$
- b. For GDP growth used $(D * j - Dj) / Dj$

Where:

D = Output

I = Fields of business / Industry (sector)

J = District / City

* Is the last year

3.7.4 Economic Sectors

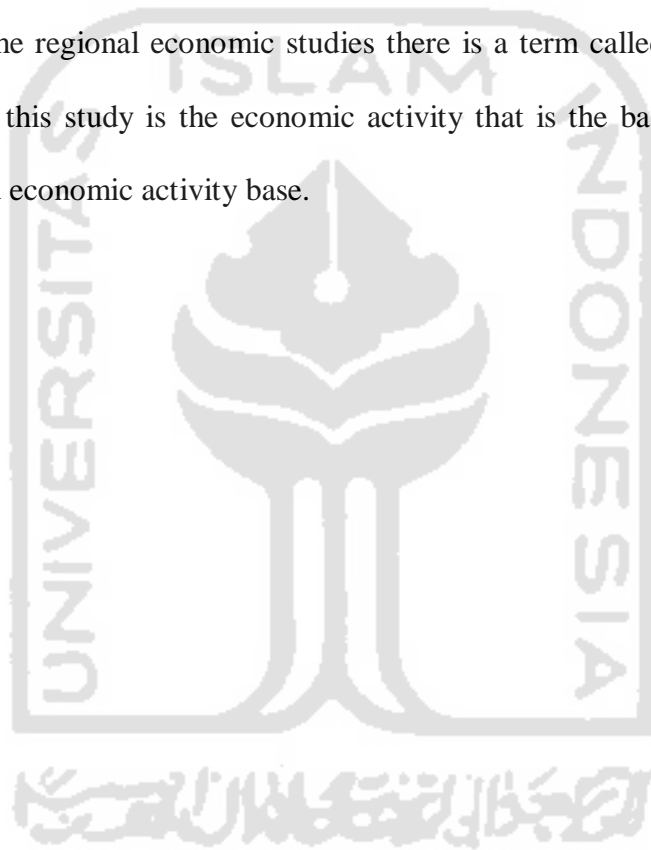
Referring to the data issued by BPS Regency / City in the province there are nine economic sectors studied, the mean of all economic sectors, namely:

- a. Agriculture
- b. Mining and Quarrying
- c. Manufacturing Industry
- d. Electricity and Gas
- e. Construction
- f. Wholesale, Repair Trade and Hotel
- g. Transport and Storage
- h. Information and Communication

- i. Financial and Insurance Activities
- j. Real Estate
- k. Services

3.7.5 Economic Activity

In the regional economic studies there is a term called the economic activity. In this study is the economic activity that is the base of economic activity and economic activity base.



CHAPTER IV RESULT AND ANALYSIS

4.1 Geographical location

DIY province with an area of 3185.80 km², located between 7033 'North latitude and 8012' south latitude and 110 000 'and 110 050' east longitude with its borders:

North West	: District of Magelang
The southeast	: District of Wonogiri
South	: Indonesian Ocean
West	: District of Purworejo

Administratively divided into four districts and one town with 78 districts and 438 Village / Sub definitive (BPS, DIY 2010). The total area of up to 2011 was 3185.80 km², or approximately 0.17% of the area of Indonesia as well as 0.24 percent of the area of Java and ranks four. Districts that have the largest area is Gunung Kidul in the amount of 1485.36 km² or 46.63% of the entire area of the Province of Yogyakarta, while the smallest is the city of Yogyakarta with an area of 32.50 km², or approximately 1.02% of the total Provincial territory (BPS;, 2011).

4.2 Demography

Residents of Yogyakarta Province in 2008 was 3,468,502 inhabitants decreased in 2010 to 3,457,491 inhabitants, comprising 1,709,038 souls of men (49.43%) and 1,748,453 female inhabitants (50.57%) with a rate of The average population density of 1085 people / km². DIY population is not spread evenly across the region. Most residents are in Sleman by the number

1.09311 million people or about 31.62% of the total population has a population of DIY and the least is the city of Yogyakarta with 388 627 inhabitants or approximately 11.24% of the total population of the province. However, if viewed from overcrowding, the city of Yogyakarta is the most densely populated areas compared to other districts in the amount of 11 958 people / km², while the lowest population density is owned Gunung Kidul District in the amount of 455 people / km² (BPS;, 2011).

4.3 The Economy

The economy of the city of Yogyakarta in 2015 growth slowed compared to previous years. Yogyakarta GDP growth rate in 2015 reached 5.16 percent, while in 2014 amounted to 5.30 percent. The highest economic growth achieved by the category of Financial Services and Insurance by 7.75 per cent. The whole category of GDP is another economy in 2015 recorded a positive growth except Electricity and Gas Supply category that grew negative 0.94.

As other consecutive categories show positive growth, the category of Health Services and Social Work was recorded at 7.39 per cent. Corporate Services category by 7.20 percent, 7.13 percent for Other services, Educational Services by 6.84 percent, Providing Accommodation, food, and beverages at 5.99 percent, 5.88 percent for Real Estate, Wholesale and Retail categories; and Cars and Motorcycles Repair at 5.70 percent. The category of Public Administration, Defense and Compulsory Social Security amounted to 5.12 percent and Information and Communication category at 4.86 percent. In

addition, 3.96 percent for Construction, Transportation and Warehousing category of 3.92 percent. The category of Water Supply, Waste Management, Waste and Recycling was 2.61 percent and the category Manufacturing was 1.77 percent. Finally, the category of Agriculture, Forestry, and Fisheries was 0.89 percent and Mining and Quarrying was 0.14 percent. (BPS, 2011).

4.4 Results and Analysis

From the GDP of Yogyakarta by industrial origin, this research took a few details of 11 categories of business fields for the most part. The results of the analysis of each industrial / sector are outlined below.

4.4.1 Location Quotient (LQ)

To determine potential sector base in the city of Yogyakarta used method of Location Quotient (LQ). Mechanical Location Quotient (LQ) is used to determine the potential of a sector, which is categorized as a sector basis and included in the activity sector basis or not the base. The basis activity is the all activities both producing products and provider of services that enhance welfare and progress in improving the development of a region. Employment and income in the basic sector is a function of demand that is exogenous (not dependent on the strength of internal / local request). Meanwhile, nonbiased sector is all the other activities.

Data were examined only data from GRDP District and the City of GRDP data according to business field. Therefore, it should be investigated whether there are sectors that focus on the city of Yogyakarta have the potential not only to meet the needs inside but also outside (exports).

Table 4.1
The Calculation Result of Location Quotient (LQ)
Yogyakarta 2011-2015

LQ					
Industry	2011	2012	2013	2014	2015
Agriculture	0.02	0.02	0.02	0.02	0.02
Mining and Quarrying	0.01	0.01	0.01	0.01	0.01
Manufacturing Industry	1.04	1.04	1.04	1.05	1.05
Electricity and Gas	1.53	1.53	1.52	1.51	1.52
Construction	0.84	0.84	0.84	0.83	0.83
Wholesale, Repair Trade and Hotel	0.86	0.84	0.85	0.84	0.83
Transport and Storage	0.76	0.74	0.72	0.71	0.71
Information and Communication	1.32	1.32	1.30	1.28	1.27
Financial and Insurance Activities	1.71	1.72	1.71	1.68	1.67
Real Estate	1.32	1.30	1.30	1.28	1.27
Services	1.21	1.20	1.20	1.20	1.20
GDP	1.00	1.00	1.00	1.00	1.00

The Processing Data of LQ 2011-2015

From the results table LQ above calculation can be seen that in the city of Yogyakarta during the period 2011-2015 Manufacturing Industry, Electricity and Gas, Information, and Communication, Financial and

Insurance Activities, Real Estate and Services sector belonging to the sector basis with an average index of $LQ > 1$.

According to the calculation above if $LQ < 1$ that means the sectors is non basis sectors then we can said that Agriculture, Mining and Quarrying, Construction, Wholesale, Repair Trade and Hotel and Transport and Storage is categorized of non basis sectors. But the meaning of all of those values of LQ calculation result showed from the calculation of LQ analysis is decreasing every year even though the decreasing is not likely strong. The meaning of that decreasing of these values is Yogyakarta city in LQ analysis has less potential sectors.

4.4.2 Analysis Shift Share

This method is used to determine the economic growth of a region in relation to the economy of reference, namely a larger area. In this case, the Yogyakarta region associated with DIY. Variables used is Gross Domestic Product (GDP) in Yogyakarta and DIY.

The Shift Share Value calculation above produces a value Proportional Shift (PPS) and Shift Differential (DS) is negative and positive. Proportional Shift (PPS) which is positive means that the sector-sector potential and rapidly growing in the DIY and when the value of PPS negative meaning these sectors have a slow growth and does not include sectors that are potential or base in DIY. Meanwhile, if the value Differential Shift (DS) is positive means the sector that has the potential to grow more rapidly in

Yogyakarta compared to the same sector in the province and if the DS is negative means the sector is growing more slowly and less potentially in Yogyakarta compared to the same sector in DIY.

Shift Share Analysis explaining economic performance in three types related that is:

- a. Regional economic growth Provincial Share (PS), to know how to influence economic growth in the province to the city of Yogyakarta.

4.4.3 Provincial Shift Share (PS) Calculation

Table 4.2
Provincial Shift Share

Industry	2011	2012	2013	2014	2015
Agriculture	-572	1820	806	-758	928
Mining and Quarrying	58	14	33	18	1
Manufacturing Industry	136002	-76948	180770	107550	51424
Electricity and Gas	2171	4168	2738	1749	-650
Construction	67544	65040	75372	90440	70940
Wholesale, Repair Trade and Hotel	62252	107981	69811	80109	90916
Transport and Storage	30265	36508	47897	31017	31292
Information and Communication	211425	257118	165152	170435	148304
Financial and Insurance	106605	33452	123971	98972	105468

Activities					
Real Estate	70917	147480	71459	143609	127201
Services	71403	120848	85460	106961	99598

- b. Proportional Shift Share (PPS) is used to measure the net regional shift caused by the composition of the industrial sector in the regions concerned. This component is positive in areas that specialize in sectors nationwide grew quickly and negative in areas that specialize in sectors nationwide grew slowly or even being declined.

4.4.4 Proportional Shift Share (PPS) Calculation

Table 4.3
Proportional Shift Share

Industry	2011	2012	2013	2014	2015
Agriculture	-2405	-84	-1149	-2622	-837
Mining and Quarrying	16	-31	-13	-26	-41
Manufacturing Industry	4387	-222333	36750	-37741	-94016
Electricity and Gas	159	1976	271	-709	-3078
Construction	-5054	-13221	-8193	7823	-11774
Wholesale, Repair Trade and Hotel	-1083	41028	-2789	7450	18345
Transport and Storage	-9779	-4922	4908	-11107	-10113
Information and Communication	96098	128632	19844	26933	4982

Financial and Insurance Activities	57582	-22093	64969	37207	42465
Real Estate	-11776	58382	-26123	48164	29698
Services	-8841	34299	-9225	13314	4680
GDP	0	0	0	0	0

- c. Shift differential (Differential Shift (DS)), is used to determine how much the competitiveness of regional industries with an economy which is used as a reference and measure the magnitude of the shift of regional net caused by sector-specific industry sectors that are growing faster or slower in the areas concerned than National level.

4.4.5 Differential Shift Share (DS) Calculation

Table 4.4

Differential Shift					
Industry	2011	2012	2013	2014	2015
Agriculture	889	-1598	-420	387	-614
Mining and Quarrying	-17	-8	-31	-7	-0.06
Manufacturing Industry	50614	-638	2359	23362	591
Electricity and Gas	82	52	-206	-204	187
Construction	-2622	3663	-1935	-17105	-4804
Wholesale, Repair Trade and Hotel	-30943	-30938	11849	-19261	-7575
Transport and Storage	-26888	-23424	-18066	-9011	1596

Information and Communication	-33056	4049	-42265	-50908	-7693
Financial and Insurance Activities	-13657	9973	-6177	-21301	-7118
Real Estate	2431	-26584	-5774	-19865	-11804
Services	1416	-3823	-1534	543	-1388

The Processing Secondary Data (All data's above)

Information:

a. PPS:

(+) Then the total of the GDP Yogyakarta fast-growing sector

(-) Then the total of the GDP sectors grow slower Yogyakarta

b. DS:

(+) Then the GDP in Yogyakarta growing faster than the DIY

(-) Then the GDP in Yogyakarta grew more slowly than in DIY

Table 4.5

The calculation Result of Shift Share Yogyakarta Sectors 2011-2015

Industry	Provincial Share	Proportional Shift	Differential Shift
Agriculture	445	-1419	-271
Mining and Quarrying	25	-19	-13
Manufacturing Industry	79760	-62591	15258
Electricity and Gas	2035	-276	-18
Construction	73867	-6084	-4561
Wholesale, Repair Trade and Hotel	82214	12590	-15373

Transport and Storage	35396	-6203	-15159
Information and Communication	190487	55298	-25974
Financial and Insurance Activities	93694	36026	-7656
Real Estate	112133	19669	-12319
Services	96854	6845	-957

Based on the calculation of Value Shift Share generating value Provincial (PS), Proportional (PPS) and Shift Differential (DS) is negative and positive.

a. Provincial Shift Share

From the calculation of Provincial Shift Share (PS) seen in the table above, it can be concluded that the provincial share calculation results are not negative numbers, which means that growth in Yogyakarta have a stable and good values in their influence on DIY.

b. Proportional Shift Share

Proportional Shift (PPS) which is positive means that sectors of the same commodity specialize and grow fast in the sector in the DIY and negative meaning when the P value sectors specializing same commodity and grow slowly in DIY.

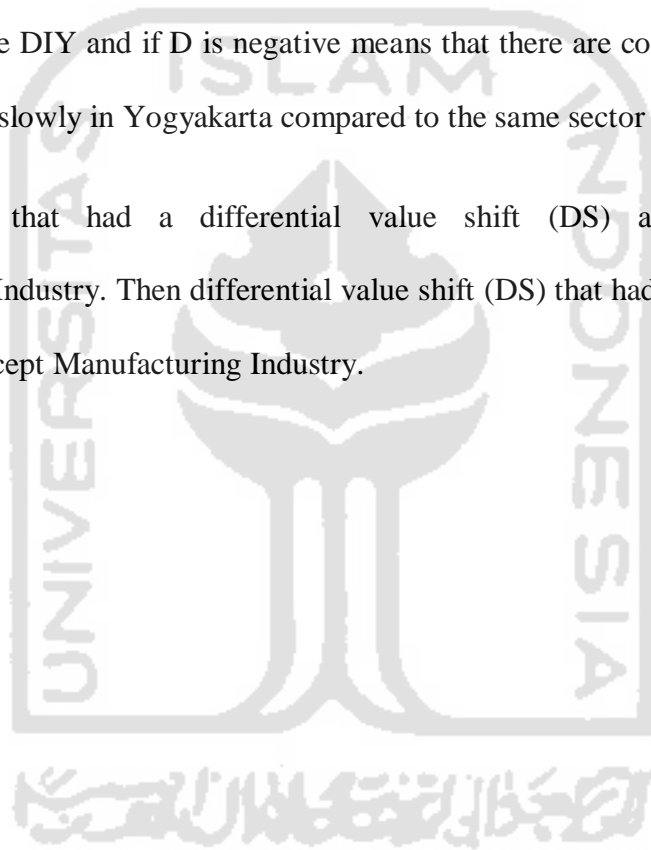
From the calculation of the value of the shift share in Yogyakarta GDP growth in the period 2011-2015 sectors that has a value proportional shift (PPS) are all sectors positive except Agriculture, Manufacturing

Industry, Electricity and Gas, Mining and Quarrying, Construction, and Transport and Storage that had a negative value.

c. Differential Shift Share

Shift Differential Share (DS) is positive means that there are commodity sector that is growing faster in Yogyakarta compared to the same sector in the DIY and if D is negative means that there are commodity sector grew more slowly in Yogyakarta compared to the same sector in the DIY.

Sectors that had a differential value shift (DS) are positive is Manufacturing Industry. Then differential value shift (DS) that had negative value is all sectors except Manufacturing Industry.



CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

From the analysis and discussion in the previous chapter, some conclusions that can be drawn about the analysis of the potential economic sectors Yogyakarta city are as follows:

1. Based on the calculation tool Location Quotient (LQ) shows that the sectors is a sector basis or featured in Yogyakarta during the period 2011-2015 is the Manufacturing Industry, Electricity and Gas, Information and Communications, Finance and Insurance Activities, Real Estate and Services. Because the basic property of the sector with an average index of $LQ > 1$ so that these sectors are the basic sector of the city of Yogyakarta and have potential to export.

According to the calculation above if $LQ < 1$ that means the sectors is non basis sectors then we can said that Agriculture, Mining and Quarrying, Construction, Wholesale, Repair Trade and Hotel and Transport and Storage is categorized of non basis sectors. But the meaning of all of those values of LQ calculation result showed from the calculation of LQ analysis is decreasing every year even though the decreasing is not likely strong. The meaning of that decreasing of these values is Yogyakarta city in LQ analysis has less potential sectors in period of 2011-2015.

2. According to the calculations of Shift Share (SS), Yogyakarta has a positive impact on economic growth in the province, although not all sectors have a base value of only a few sectors. According to analysis from previous chapter that when the data of Shift Share (SS) have a positive result that's mean the GDP of Yogyakarta is growing fast. It means Yogyakarta is more prosperous and the other wise when it is negative result that's mean the GDP of Yogyakarta is growing down or low.

From the result of Provincial Shift Share (PS), it can be determined that Yogyakarta has a positive result. It means growth in Yogyakarta have a stable and good values from their influence on DIY.

According to the results of the previous Proportional Shift Share (PPS), can be deduced that the city of Yogyakarta that has a competitive marked with (+) positive value. There are five for sectors that have competitive advantages namely wholesale, repair trade and hotel; Information and communication; Financial and insurance activities; Real estate and services. In contrast, there are six sectors in Yogyakarta that are valued (-) negative i.e. Agriculture, Manufacturing Industry, Electricity and Gas, Mining and Quarrying, Construction, and Transport and Storage means no competitive advantage.

Differential Shift Share (DS) of the table are determined that Yogyakarta has specialized in Manufacturing Industry because in the data analysis that only the Manufacturing Industry had a positive result.

Discussions and Recommendations

Based on the above discussion, the author's recommendations are as follows:

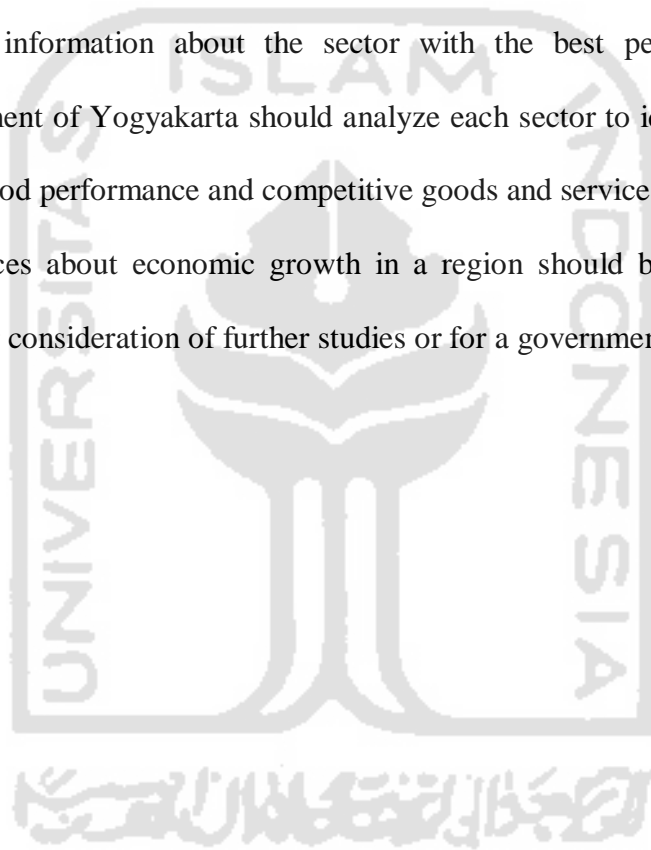
The Government of Yogyakarta should give special attention in development in Yogyakarta; with a further increase on sectors that have competitive potential in its development in the community that can also help improve their work opportunities like the sectors that had a calculation before that showed LQ closed to 1 (one) that could be maximized.

The sectors that have a base sector further should be enhanced to become superior and competitive sectors, and sectors are seen to have the potential to be the basic sector should be developed and contributed so that later it can become good and competitive commodity.

In order to assist sectors that have not become a base sectors, the people of Yogyakarta should support sectors such as agriculture. The community can work in the agricultural sector in order to increase the agricultural production such as choosing seeds, modern farming systems, and the use of modern agricultural equipment. In this case, the government should contribute more to see the potential of the sector in Yogyakarta, so that later can prosper the people and the city of Yogyakarta.

Based on the above suggestion, the implications of this research are as follows:

1. Yogyakarta Governments should facilitate the regional economic development policy planning short term, medium term and long term based on the economic potential.
2. To get information about the sector with the best performance, the government of Yogyakarta should analyze each sector to identify whether it has good performance and competitive goods and services.
3. References about economic growth in a region should be added as the basis for consideration of further studies or for a government.



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APPENDIX

