

Exploring Economic Potential and Leading Sectors in Building Special Economic Zones (SEZ) in South Kalimantan Province

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Abstract. This study analyzes economic developments to map the economic potential and leading sectors in improving the economy in South Kalimantan. Through the presence of Special Economic Zones (SEZ) it is expected to be able to accommodate industrial activities, exports and imports as well as other economic activities in improving the regional economy so that the purpose of this research is to explore the potential of the economy and leading sectors in developing Special Economic Zone (SEZ) in South Kalimantan Province. The research method used in this study is quantitative. Through secondary data taken from bps of South Kalimantan Province related to Gross Regional Domestic Product (GRDP), this study was analyzed using *Loqation Quotient* analysis and shift method *Share* to explore economic potential in a comparative manner and determine competitively leading sectors in South Kalimantan. the results showed that through the economic potential of LQ there are 7 sectors that can be developed while from the shift share as many as 9 leading sectors a competitive pickle can be developed in building a Special Economic Zone (SEZ) in South Kalimantan Province.

Keywords: Economic Potential, Leading Sectors, Special Economic Zones, GRDP.

1 Introduction

Sustainable economic development is a policy step by the government in stabilizing the economy. Good economic development conditions can be seen from the equitable distribution of infrastructure development, economic growth, community welfare, political and social stability, the existence of extensive employment opportunities and value from the investment generated [1]. The industrial sector is a sector that is able to absorb a larger workforce and encourage the growth of the country's economy because this sector is a leader of various sectors of progress the economy of a nation [2]. The challenges of globalization and liberalization of the world economy [3] make it a challenge in preparing capital to be able to compete from the fierce competition in the industrial sector so that it is necessary

strategic regional steps and have a comparative and competitive advantage to encourage the linkage of the industrial sector and other economic sector activities as a step alignment and shifting of the economic structure of different countries and regions to achieve economic independence [4].

Economic independence is closely related to increased economic growth [5]. High economic growth needs to be balanced with maintained economic disparities. Growth that tends to be high is not necessarily economic equality is also high but economic growth according to Adam Smith's theory describes a chain of savings, capital accumulation, and fixed investment wakefulness [6].

Kalimantan Selatan is one of the provinces in Indonesia that has abundant natural resources and has the formation of 3 (three) areas based on Regional Regulation No.9 of 2000, namely the Kandungan Area, Banjarmasin Area, and Batulicin Area [7]. This area was formed as equality and economic development, the basis of which is to reduce the gap between regions. According to BPS Prov. South Kalimantan gini ratio index shows an improving trend, this is illustrated from 2020-2021 tends to decrease where in 2020 it was 0.332 down in the year 2022 is 0.330. These conditions reflect the need to map comparative and competitive advantages. Although, from this data, it shows a trend of decreasing the gini ratio index in South Kalimantan, this is inversely proportional to 8 districts / cities from 13 districts / cities that tend to experience an increase in inequality from the 2020-2021 period.

To achieve the context of economic development in reducing regional inequality in South Kalimantan, it is necessary to have a fair and equitable economic goal so that it is necessary to establish a Special Economic Zone based on Law 39/2009 because the formation of the SEZ can support economic functions that take into account various sectors of the economy [8]. Currently, according to the map of the distribution of the SEZ of South Kalimantan Province, it has not been included in the natural category of the area because there are several stages of SEZ proposals and proposal documents that must be one of them is prepared through economic mapping. Economic mapping needs to be done as a step to attract investment and be able to absorb a large number of workers [9].

Several studies related to potential and leading sectors have produced many diverse and interesting results as a concept in this study, including research [7] which shows results research that 3 (three) mainstay areas in South Kalimantan each have comparative potential to be developed. Then, research [10] shows that 4 sectors have a comparatively superior sector while services and industries have positive value and high value. Research conducted [11] shows that the residential sector is the base uggulan sector in Panimbang District. Based on the results of previous studies, it shows that each region has a base economic potential that can be developed for mapping economic welfare.

Based on the theory and various results between previous studies and the real condition of the economy in South Kalimantan in developing a Special Economic Zone (SEZ), this research is interesting to studied and conducted research because each region has different potentials and superior sectors of natural resources and available labor so that the purpose of this study is carried out to explore the potential and leading sectors in building Special Economic Zones (SEZ) in South Kalimantan Province.

2 Methods

This research uses a descriptive method with a quantitative approach. The location of this study was conducted in South Kalimantan Province to explore the economic potential and

leading sectors in building Special Economic Zones (SEZ). The data collection used is a literature study obtained from the Central Statistics Agency of South Kalimantan Province (BPS), namely to see data from the 2010 Constant Price GRDP from the 2016-2021 period then data analysis was carried out using *Location Quotient* / LQ with LQ criteria >1 then including the base / flagship sector and $LQ < 1$ not including the base / flagship sector. In addition to LQ analysis, data analysis in this researcher used shift share. Measuring shift share if $(P > 0)$ and positive value then specializes in growing fast, while $(P < 0)$ then negative value and has slow socialization and even declines [12].

3 Results and Discussion

3.1. Location Quotient Analysis

Tables I.
Location Quotient Test Results of South Kalimantan Province

Business Field	LQ value						Average LQ	Information
	2016	2017	2018	2019	2020	2021		
1. Agriculture, Forestry, and Fisheries	1,08	1,07	1,07	1,08	1,05	1,04	1,067	Base/Potential
2. Mining and Quarrying	3,08	3,17	3,23	3,26	3,19	3,19	3,188	Base/Potential
3. Processing Industry	0,59	0,59	0,59	0,59	0,58	0,60	0,589	Non Basis
4. Procurement of Electricity and Gas	0,11	0,11	0,11	0,11	0,12	0,12	0,111	Non Basis
5. Water Procurement, Waste Management, Waste and Recycling	4,59	4,70	4,75	4,74	4,79	4,78	4,723	Base/Potential
6. Construction	0,73	0,72	0,72	0,73	0,74	0,74	0,729	Non Basis
7. Large Trade and Retail; Car and Motorcycle Repair	0,62	0,64	0,66	0,68	0,68	0,66	0,657	Non Basis
8. Transportation and Warehousing	1,42	1,40	1,40	1,39	1,55	1,53	1,450	Base/Potential
9. Provision of Accommodation and Drinking Meals	0,61	0,62	0,62	0,63	0,69	0,68	0,641	Non Basis
10. Information and Communication	0,71	0,70	0,69	0,69	0,67	0,67	0,687	Non Basis
11. Financial Services and Insurance	0,79	0,79	0,79	0,76	0,74	0,74	0,768	Non Basis
12. Real Estate	0,73	0,73	0,74	0,75	0,77	0,78	0,751	Non Basis
13. Corporate Services	0,33	0,32	0,32	0,31	0,33	0,33	0,324	Non Basis
14. Mandatory Government Administration, Defense and Social Security	1,52	1,51	1,47	1,50	1,52	1,54	1,510	Base/Potential

15. Educational Services	1,31	1,34	1,36	1,39	1,38	1,40	1,363	Base/Potential
16. Health Services and Social Activities	1,58	1,56	1,54	1,51	1,46	1,46	1,519	Base/Potential
17. Other Services	0,63	0,61	0,61	0,59	0,61	0,60	0,609	Non Basis

Source : Data processed, Year 2022

The results of the study from table I show that there are 7 (seven) potential sectors that can be developed in building Special Economic Zones (SEZ) in South Kalimantan including 1) agriculture, forestry and fisheries sectors, 2) mining and quarrying, 3) Water Procurement, Waste Management, Waste and Recycling, 4) Transportation and Warehousing, 5) Government Administration, Defense and Compulsory Social Security , 6) Educational Services and 7) Health services and social activities because the LQ value > 1 and become a base and comparative sector as a source of new economic growth. Regional economic mapping through 7 (seven) potential sectors and having a comparative basis reflects that regions have the ability to improve the economy and provide job opportunities increasing so as to consider the use of resources owned to increase regional revenues and macroeconomic capabilities [13].

3.2. Shift Share Analysis

Table 2.

Shift-Share Arcules Analysis for Kalimantan Selatan, 2016-2021 (Thousands of Rupiah)

No	Sector/Industry	Row	Rlij	Cij
		1	2	3
1	Agriculture, Forestry, and Fisheries	-4.672.469,86	-58.978.015,15	-63.650.485,01
2	Mining and Quarrying	-8.555.458,35	111.977.042,32	103.421.583,97
3	Processing Industry	-4.243.986,68	27.486.261,40	23.242.274,71
4	Electricity and Gas Procurement	-37.703,35	1.792.629,43	1.754.926,08
5	Water Procurement, Waste Management, Waste and Recycling	-125.352,53	2.430.820,75	2.305.468,23
6	Construction	-2.417.792,54	14.998.740,05	12.580.947,51
7	Large Trade and Retail; Car and Motorcycle Repair	-2.800.596,92	77.245.195,27	74.444.598,34
8	Transportation and Warehousing	-1.908.624,34	58.464.549,25	56.555.924,91
9	Provision of Accommodation and Drinking Meals	-614.828,24	29.492.320,33	28.877.492,09
10	Information and Communication	-1.166.714,67	-36.631.184,40	-37.797.899,07
11	Financial Services and Insurance	-1.066.935,63	-27.774.128,84	-28.841.064,46
12	Real Estate	-44.697.173,18	23.264.751,34	-21.432.421,84
13	Corporate Services	-11.481.599,59	1.503.508,44	-9.978.091,14

	Government Administration, Defense and Compulsory			
14	Social Security	-106.552.364,23	13.437.551,96	-93.114.812,27
15	Educational Services	-84.753.609,56	37.141.150,56	-47.612.459,01
	Health Services and Social			
16	Activities	-35.684.625,60	-24.453.132,58	-60.137.758,17
17	Other Services	-353.297,05	-7.297.638,43	-7.650.935,48
	Total	-311.133.132,30	244.100.421,69	-67.032.710,61

Source : Data processed, Year 2022

The results of *the shift share* table II research show that for the 2016-2021 period, 8 business sector sectors have positive and competitive values to be developed as leading sectors and specialization as sources the new economy by looking at Cij is 1) Mining and Quarrying sector, 2) Processing industry, 3) procurement of electricity and gas, 4) Water Procurement, 5) Waste, Waste and Recycling Management, 6) Construction , 7) Large Trade and Retail; Car and Motorcycle Repairs, 8) Transportation and Warehousing, and 9) Provision of Accommodation and Drinking Meals. The portrait of the competitive leading sector needs to increase the efficiency of use and development of economic potential [14] which is proposed then needed Strategy and technology as a form of economic development new in promoting more competitive economic growth [15].

4 Conclusion

The results of the LQ calculation of economic potential comparatively which are potential sectors and bases in building Special Economic Zones in South Kalimantan by taking into account 1) the Agriculture, Forestry, and Fisheries sectors, 2) Mining and Excavation, 3) Water Procurement, Waste Management, Waste and Recycling, 4) Transportation and Warehousing, 5) Government Administration, Defense and Compulsory Social Security, 6) Education Services, and 7) Health services and social activities while the analysis of leading sectors is competitively which can be developed and considered in building Special Economic Zones (SEZ) in South Kalimantan, namely 1) mining and quarrying sector, 2) processing industry, 3) procurement of electricity and gas, 4) Water Procurement, 5) Waste, Waste and Recycling Management, 6) Construction, 7) Wholesale and Retail Trade; Car and Motorcycle Repairs, 8) Transportation and Warehousing, and 9) Provision of Accommodation and Drinking Meals.

From these conclusions, recommendations can be given to local governments that to develop a sustainable economy in support of Special Economic Zones (SEZ) in South Kalimantan Province as capital Economic growth needs to develop new potentials and leading sectors in mapping the regional economy that will have an impact on the welfare of the community.

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