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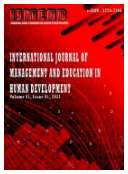

Study of Sectoral Superior Products in Southeast Sulawesi Province

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ABSTRACT

The objectives to be achieved in this research are: (1) identifying the basic sector which is a superior product in order to accelerate development in Southeast Sulawesi Province, and (2) studying and analyzing economically the superior sector products which include production volume, price level, and marketing. This is an alternative in accelerating and expanding development, both regionally, nationally and internationally. The expected benefits of this research, namely for the community to be able to know and utilize the basic sector which is a superior product as a primary or secondary need in organizing their lives. For the government, it can be useful as a policy maker and decision maker in order to accelerate development. Meanwhile, for scientists, it can be useful as an application of the economic theory of sectoral development in connection with the discovery of the basic sector and is a superior sectoral product in Southeast Sulawesi Province. The method used in this research is a participatory approach and FGD (Focus Group Discussion) with the community who utilizes the superior sectoral product. While the analytical tools used are descriptive qualitative and quantitative. Qualitative descriptive includes a study/description of the conditions of the community who utilize the superior sectoral product from an economic aspect. Meanwhile, quantitative studies describe the dependent and independent variables of production factors that significantly influence the products of the leading sector. The formulation used to determine the base sector is the Location Quotient (LQ).

Keywords: *Basic Sector, Development Acceleration, Superior Products*

I.INTRODUCTION

Indonesia possesses strategic natural resource potential for generating Gross Domestic Product (GDP). This Gross Domestic Product (GDP) is an economic achievement that generates economic growth, both in nominal and percentage terms. In nominal terms, Indonesia's GDP in the last four years: US$1.187 trillion in 2021, US$1.319 trillion in 2022, US$1.371 trillion in 2023, and US$1.396 trillion in 2024. In terms of percentage, post-COVID-19, from 2022 to 2024, Indonesia's economic growth reached 5.84 percent (BPS, 2025).

Regionally, economic achievements in Indonesia's provinces, including Southeast Sulawesi, are reflected in Gross Regional Domestic Product (GRDP). In nominal terms, Southeast Sulawesi Province's GRDP at Current Prices (ADHG) for the past four years was IDR 32.05 trillion in 2021, IDR 158.76 trillion in 2022, IDR 176.18 trillion in 2023, and IDR 189.48 trillion in 2024. In terms of percentage, post-COVID-19, from 2023 to 2024, Southeast Sulawesi Province's economic growth reached 7.55 percent (BPS Sultra, 2025). Sectorally, the GRDP generated by Southeast Sulawesi Province consists of 17 sectors, including: (1) agriculture, forestry, and fisheries, (2) mining and quarrying, (3) manufacturing, (4) electricity and gas supply, (5) water supply, waste management, waste and recycling, (6) construction, (7) wholesale and retail trade, car and motorcycle repair, (8) transportation and warehousing, (9) accommodation and food and beverage provision, (10) information and communication, (11) financial and insurance services, (12) real estate, (13) business services, (14) government administration, defense, and mandatory social security, (15) education services, (16) health services and social activities, and (17) other services.

Within the 17 sectors mentioned above, it appears that there are various leading sectors, meaning that these sectors can meet the needs of the community and the region at a regional level, and can even be exported abroad,

resulting in the creation of high GDP/GRDP, thereby accelerating and expanding development both nationally and regionally.

This study will analyze how these sectoral activities constitute a leading (basic) sector, namely a sectoral product that meets regional needs and even has ample space to be traded outside Indonesia and even exported internationally. This study will examine/analyze the economic aspects of the base sector, which comprises the leading products in each district/city within Southeast Sulawesi Province, including production volume, price levels, and marketing. This represents an alternative for accelerating development, both regionally, nationally, and internationally. The core research questions include: (1) which leading sectoral products constitute the base sector and are utilized by the community, thereby accelerating development activities in Southeast Sulawesi Province, and (2) how the situation of these leading products will remain dynamic in the future. The specific objectives of this study are: (1) to identify leading sectoral products that constitute the base sector and are utilized by the community, thus accelerating and expanding development in Southeast Sulawesi Province, and (2) to examine and analyze the situation of these leading products to ensure their continued dynamism in the future.

The main objective of this research is to provide information and a reference for utilizing superior sectoral products as a base sector to accelerate development in Southeast Sulawesi Province. Furthermore, it can also be useful for the dynamics of these superior products in the future.

II. LITERATURE REVIEW

2.1 Gross Regional Domestic Product (GRDP)

Theoretically, what is referred to as a change in economic structure is not always indicated by the significant role of a sector in the economy. In reality, there has been a shift in economic activity in a particular sector, marked by the increasing development of economic activities supporting the sector in question. GRDP at Current Prices (ADHB) reflects the added value of goods and services calculated using prices for each year. Meanwhile, GRDP at Constant Prices (ADHK) shows the added value of goods and services calculated using prices in a given year as a basis. GRDP at current prices is used to observe shifts in economic structure. GRDP at constant prices, on the other hand, is used to determine economic growth from year to year. (Tarigan, Regional Development Planning, 2004)

The higher the GRDP value of a region, the higher the level of economic growth and the region's economic progress. In essence, economic growth in a region can occur when endogenous (factors from within the region) and exogenous (factors from outside the region) factors are relevant and combine. (Afrizal, 2013).

2.2 Leading Sectoral Products in Southeast Sulawesi Province

Various leading products cultivated by the people of Southeast Sulawesi are as follows:

a. Teak

Teak (Tectona grandis) is a type of tree that produces high-quality wood. It is a large, straight-trunked tree that can grow to a height of 30-40 m. It has large leaves that fall in the dry season. Teak has many uses, especially as a craft material (furniture). Teak wood is classified as strength class I and durability class II. The durability of teak heartwood is determined by tectoquinone (2-methylanthraquinone). Teak wood contains 47.5% cellulose, 30% lignin, 14.5% pentosan, 1.4% ash, and 0.4-1.5% silica.

b. Chocolate

Chocolate (Theobroma cacao) originates from South America. Grown in tropical rainforests, the cocoa plant has been a part of local culture for 2,000 years. The government began to pay attention to and support the chocolate industry in 1975 after PTP VI successfully increased chocolate production per hectare by using Upper Amazon Interclonal Hybrid seeds, a cross between clones and Sabah. The types of chocolate currently grown are predominantly Criollo or flavored cocoa. Production is largely exported, particularly to the Netherlands, West Germany, the United States, and Singapore. Indonesian chocolate production comes from large state-owned and private plantations, as well as smallholders.

c. Cashew

Cashew (Annacardium occidentale L.) is a versatile crop. Besides being a source of income for the community, it is also highly suitable for use in the conservation of critical and arid lands. Cashew plants have great potential for development in Indonesia due to their wide adaptability to environmental factors. Cashew plants are drought-resistant and can grow and produce fruit even in dry and barren areas. The main product of this plant is cashew nuts, which are a popular snack and a flavoring agent in products such as ice cream and chocolate bars. The fruit can also be used as a processed ingredient.

d. Seaweed

Seaweed is a fishery product that is not a fish, but a plant. This cultivation effort, given its potential as a non-oil and gas export commodity, has quite bright economic prospects. Seaweed contains carbohydrates, protein, a small amount of fat, and ash, mostly sodium and potassium salts. Seaweed also contains vitamins such as vitamins A, B1, B2, B6, B12, C, D, E, and K, beta-carotene, and minerals such as potassium, phosphorus, sodium, iron, and iodine. Some types of seaweed contain higher levels of essential vitamins and minerals, such as potassium and iron, than vegetables and fruits.

e. Sago

Sago is thought to originate from Maluku and Irian Jaya. To date, there is no definitive data revealing when sago was first introduced. In Eastern Indonesia, sago has long been used as a staple food by some residents,

particularly in Maluku, Sulawesi, and Irian Jaya. The most advanced technology for sago exploitation, cultivation, and processing is currently in Malaysia.

f. Corn

Corn (Zea mays L.) is an annual plant and a member of the grass family (Graminae). It has a single stem, although it is possible for offshoots to appear in some genotypes and certain environments. Its life cycle is completed in 80-150 days.

g. Coconut

Coconut (Cocos nucivera L.) is a species of plant in the Arecaceae family and is the sole member of the Cocos genus. Almost all parts of this plant are utilized by humans, making it considered a multi-purpose plant, especially by coastal communities. Coconut trees are widely used for roofing in houses.

h. Rice

Rice (Oryza sativa) is the part of the rice grain (paddy) that has been separated from the husk. The husk (Javanese: merang) is anatomically called the 'palea' (covered part) and the 'lemma' (covering part). Rice is primarily used to make rice, the world's most important staple food.

2.3 Economic Base Theory

The pure base theory was first developed by Tiebout. This theory divides production activities/types of employment within a region into base and non-base sectors. Base activities are exogenous, meaning they are not tied to the internal conditions of the regional economy and simultaneously serve to encourage the growth of other types of employment. Meanwhile, non-base activities are activities that meet the needs of the local community. Therefore, their growth depends on the general economic conditions of the region. This means that this sector is endogenous (not free to grow). Its growth depends on the overall economic conditions of the region. (Tarigan, 2007). The base sector is the backbone of the regional economy because it has a relatively highly competitive advantage. Meanwhile, non-base sectors are other sectors with less potential but function as support for the base sector or service industries. (Sjahrial, 2008)

III. RESEARCH METHOD

3.1 Research Location and Timeline

The research will be conducted in Southeast Sulawesi Province, which encompasses 17 regencies and cities. The selection of these research locations is based on the consideration that these 17 regencies and cities are located in Southeast Sulawesi Province and produce leading sectoral products (basic products).

3.2 Data Types and Sources

The types of data required for this research consist of secondary and primary data.

a. Secondary data, obtained through the collection and observation of documents resulting from research studies, laws and regulations, village and sub-district documents, Statistics Indonesia (BPS), the Department of Agriculture, and related agencies.
b. Primary data, obtained through direct observation of the research subjects in the field, aims to obtain an overview of the natural environment and community situation in relation to the presence of leading sectoral products in Southeast Sulawesi Province. Primary data collection can also be obtained through direct interviews with community members who act as respondents and participate in sectoral economic activities.

3.3 Data Collection Methods

To determine the potential of the products subject to this research, the Participatory Rural Appraisal (PRA) method was used, a technique for identifying superior sectoral products that are operational in economic development. The respondent sample was determined using a purposive sampling method, where respondents were intentionally selected based on specific considerations in accordance with the research objectives.

3.4 Data Analysis Methods

The analytical tools used in this research were descriptive qualitative and quantitative. The descriptive qualitative method is a scientific/practical qualitative study of superior sectoral products in Southeast Sulawesi. Meanwhile, the descriptive quantitative method is a quantitative study based on statistical formulations of superior sectoral products in Southeast Sulawesi. This quantitative study can also create statistical or mathematical models or formulations for economic development, highlighting superior sectoral products as the base sector for accelerating and expanding development in Southeast Sulawesi Province.

The statistical formulation for calculating whether a product is superior or not, namely the Location Quotient (LQ) analysis, is as follows:

$$LQ = \frac{S_i/N_i}{S/N} = \frac{S_i/S}{N}$$

Info:

LQ = The location coefficient of an economic sector (non-basic basis)
Si = Total product of sector i at the provincial level (lower region)
Ni = Total product of sector i at the national level (upper region)
S = Total product of the economic sector at the provincial level
N = Total number of economic sector products at the national level.

Based on the formula shown in the equation above, there are three possible LQ values:
LQ > 1, meaning basic products, i.e., products produced in the region are considered superior/strategic (basic).
LQ = 1, meaning unitary basic products, i.e., products produced in the region only meet the needs of the community in that region.
LQ < 1, meaning non-basic products, i.e., products produced in the region are not considered superior/strategic.

3.5 Dynamic Location Quotient (DLQ) Analysis

Dynamic Location Quotient (DLQ) analysis is used to determine the future repositioning of sectors and subsectors in a particular region. This analysis is important to determine whether certain sectors and subsectors can remain as basic sectors and subsectors in the future, and conversely, whether sectors and subsectors that were previously non-basic can reposition or have the potential to become basic sectors and subsectors in the future.

Formula : $$DLQ=\left[\frac{(1+gi)/(1+Gi)^{t}}{(1+gj)/(1+Gj)}\right]$$

Description:
gi = Average growth rate of sector i in Southeast Sulawesi Province
Gi = Average growth rate of sector i nationally
gj = Average growth rate of total sectors in Southeast Sulawesi Province
Gj = Average growth rate of total sectors nationally
t = year

3.6 Interpretation Criteria for LQ and DLQ Values

	DLQ > 1	DLQ < 1
LQ > 1	Type I Basic Sector, Prospective	Type III Basic Sector, Not Prospective
LQ < 1	Non-Basic Sector, Prospective	Type IV Non-Basic Sector, Not Prospective

IV. RESULTS AND DISCUSSION

4.1 Results of Calculation of Leading Sectors in Southeast Sulawesi Province

Based on the Location Quotient (LQ) calculation using Gross Regional Domestic Product (GRDP) data at Constant Prices (ADHK) from 2021 to 2024, it can be concluded that there are eight sectors classified as basic sectors in Southeast Sulawesi (LQ > 1): (1) Agriculture, Forestry, and Fisheries (1.92); (2) Mining and Quarrying (2.54); (3) Water Supply, Waste Management, Waste, and Recycling (1.96); (4) Construction (1.28); (5) Wholesale and Retail Trade, Automobiles and Motorcycles (1.01); (6) Transportation and Warehousing (1.01); (7) Government Administration, Land Affairs, and Mandatory Social Security (1.60); and (8) the Education Services sector (1.67). These sectors play a dominant role in the Southeast Sulawesi economy compared to the national level, thus serving as the main backbone of the Southeast Sulawesi economy.

Regarding the results of the Dynamic Location Quotient (DLQ) calculation from the same data, it was found that several sectors have the potential for faster growth compared to the national level. There are six potential sectors (DLQ > 1): (a) the Agriculture, Forestry, and Fisheries sector (13.26); (b) the Manufacturing Industry sector (16.85); (c) the Wholesale and Retail Trade, Automotive and Motorcycles sector (1.05); (d) the Real Estate sector (1.56); (e) the Government Administration, Land, and Mandatory Social Security sector (5.15); and (f) the Education Services sector (5.25). These sectors show faster growth prospects compared to the national trend, thus offering significant opportunities for further development. The Manufacturing Industry sector, in particular, has the highest DLQ (16.85), indicating that this sector is experiencing significant growth and has the potential to become a new leading sector for the Southeast Sulawesi economy in the next few years.

Furthermore, based on these calculations, there are four sectors with LQ and DLQ values greater than one (LQ > 1 and DLQ > 1): (1) agriculture, forestry, and fisheries; (2) wholesale and retail trade, automobiles, and motorcycles; (3) government administration, land, and compulsory social security; and (4) education services. For more clarity on the LQ and DLQ calculations, the following table presents the following:

Table 4.1: Results of LQ and DLQ Calculations in 17 Business Sectors in Southeast Sulawesi Province

Sectoral / Field of Business	LQ	Info	DLQ	Info
1. Agriculture, Forestry, And Fisheries	**1.92**	BASIS	**13.26**	POTENTIAL
2. Mining And Excavation	**2.54**	BASIS	0.92	NOT POTENTIAL
3. Processing Industry	0.43	NOT BASIS	**16.85**	POTENSIAL
4. Electricity And Gas Supply	0.05	NOT BASIS	0.90	NOT POTENTIAL
5. Water Supply, Waste Management, Solid Waste, And Recycling	**1.96**	BASIS	0.07	NOT POTENTIAL
6. Construction	**1.28**	BASIS	0.03	NOT POTENTIAL
7. Wholesale And Retail Trade, Automobile And Motorcycle Industry	**1.01**	BASIS	**1.05**	POTENSIAL
8. Transportation And Warehousing	**1.01**	NOT BASIS	0.11	NOT POTENTIAL
9. Accommodation And Food And Drink Provision	0.18	NOT BASIS	0.21	NOT POTENTIAL
10. Information And Communication	0.43	NOT BASIS	0.87	NOT POTENTIAL

Sectoral / Field of Business	LQ	Info	DLQ	Info
11. Financial And Insurance Services	0.57	NOT BASIS	0.53	NOT POTENTIAL
12. 12. Real Estate	0.49	NOT BASIS	**1.56**	NOT POTENTIAL
13. Corporate Services	0.11	BASIS	0.85	POTENSIAL
14. Administration Government, Defense, And Mandatory Social Security	**1.60**	NOT BASIS	**5.15**	NOT POTENTIAL
15. Education Services	**1.67**	NOT BASIS	**5.25**	POTENSIAL
16. 16. Health Services And Social Activities	0.74	BASIS	0.20	NOT POTENTIAL
17. Other Services	0.70	NOT BASIS	0.27	POTENSIAL

Source : BPS 2025 (processed).

4.2 Discussion of Leading Sector Results in Southeast Sulawesi Province

In the Location Quotient (LQ) and Dynamic Location Quotient (DLQ) analyses, economic sectors can be categorized into four commodity types based on their level of excellence and growth potential in Southeast Sulawesi Province. This classification is important for understanding the relative position of each sector compared to the national scale and for determining appropriate development strategies. The classification for determining the type of business sector is as follows:

- DLQ > 1 but LQ > 1: Leading sector
- DLQ < 1 but LQ > 1: Prospective sector
- DLQ > 1 but LQ < 1: Mainstay/potential sector
- DLQ < 1 but LQ < 1: Underdeveloped sector

Based on the analysis, several key sectors are leading sectors in the Southeast Sulawesi economy (DLQ > 1 but LQ > 1). These sectors, which have demonstrated the best performance, include agriculture, forestry, and fisheries; wholesale and retail trade, including car and motorcycle repair; government administration, defense, and compulsory social security; and educational services. These four sectors contribute significantly to driving regional economic growth and need to be continuously maintained and strengthened to ensure optimal (superior) benefits. The government and other stakeholders must ensure that implemented policies support the competitiveness of these sectors so that they remain key pillars of the Southeast Sulawesi economy.

In addition to these leading sectors, there are also four sectors considered prospective (DLQ <1 but LQ >1): (1) mining and quarrying; (2) water supply, waste management, sewage, and recycling; (3) construction; and (4) transportation and warehousing. These sectors have promising potential, but strategic steps are needed to ensure stable and sustainable growth. Innovation, modernization, and increased efficiency are essential for these sectors to continue to develop and contribute significantly to the Southeast Sulawesi economy.

Furthermore, the sectors categorized as leading sectors (DLQ > 1 but LQ < 1) include two sectors: (a) the manufacturing industry sector, and (2) the real estate sector. These two sectors have significant potential to become future economic drivers. However, to maximize this potential, appropriate policy support and increased investment are needed to accelerate growth and development. With optimal support, the manufacturing industry and real estate sectors can become the backbone of Southeast Sulawesi's economy, making it more resilient and highly competitive.

The next calculation categorizes lagging sectors (LQ < 1 and DLQ < 1), including seven sectors: (a) electricity and gas procurement; (b) accommodation and food and beverage provision; (c) information and communication; (d) financial services and insurance; (e) corporate services; (f) health services and social activities; and (g) other services.

V. CONCLUSIONS AND SUGGESTIONS

5.1 Conclusions

Based on the calculations and studies above, several conclusions can be drawn:

1. There are 8 (eight) basic or leading sectors with LQ values >1, namely: (1) the Agriculture, Forestry, and Fisheries sector; (2) the Mining and Quarrying sector; (3) the Water Supply, Waste Management, Waste, and Recycling sector; (4) the Construction sector; (5) the Wholesale and Retail Trade sector, Automobile and Motorcycle Industry; (6) the Transportation and Warehousing sector; (7) the Government Administration, Land Affairs, and Compulsory Social Security sector; and (8) the Education Services sector.
2. There are 6 (six) potential sectors for the future with DLQ values >1, namely: (a) the Agriculture, Forestry, and Fisheries sector; (b) the Manufacturing Industry sector; (c) the Wholesale and Retail Trade sector, Automobile and Motorcycle Industry; (d) the Real Estate sector; (e) the Government Administration sector. Government, Land, and Mandatory Social Security; and (f) the Education Services sector.
3. There are four sectors with superior values (LQ > 1 and DLQ > 1): (1) the agriculture, forestry, and fisheries sector; (2) the wholesale and retail trade, automobiles, and motorcycles sector; (3) the government, land, and mandatory social security sector; and (4) the Education Services sector.
4. There are also four sectors considered prospective (DLQ < 1 but LQ > 1): (1) the mining and quarrying sector; (2) the water supply, waste management, sewage, and recycling sector; (3) the construction sector; and (4) the transportation and warehousing sector.
5. Two sectors are categorized as mainstay sectors (DLQ > 1 but LQ < 1): (a) the manufacturing industry sector; and (2) the real estate sector.

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6. The next calculation categorizes underdeveloped sectors (LQ <1 and DLQ <1). There are seven sectors: (a) electricity and gas procurement; (b) accommodation and food and beverage provision; (c) information and communication sector; (d) financial services and insurance sector; (e) corporate services sector; (f) health services and social activities sector; and (g) other services sector.

5.2 Suggestions

The policy recommendations and suggestions are as follows:

1. Sectoral quality and quantity should be improved to achieve leading sectors in the future.
2. The Central Government and the Southeast Sulawesi Province should support and direct underdeveloped sectors to achieve high added value, which in turn can be categorized as basic (superior) and potential sectors in the future.

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