


**THE ADVANTAGES COMPARATIVE OF ECONOMIC SECTORS IN PINRANG REGENCY
AT 2016 – 2020**

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ARTICLE INFO	ABSTRACT
<p>Article history:</p> <p>Received 20 February 2023</p> <p>Accepted 08 May 2023</p>	<p>Purpose: The objective of this study is to identify and analyze the sectors that have had a comparative advantage in Pinrang Regency in the last 5 years, using the location matching (LQ) method.</p>
<p>Keywords:</p> <p>Advantages Comparative; Location Quotient; Economy Development; Regional Economic</p> <div data-bbox="172 965 480 1211" style="text-align: center;">  </div>	<p>Theoretical framework: The comparative advantage was Salvador (1997). Ricardo explained that if two countries trade with each other and export goods with a comparative advantage, they will be lucky.</p> <p>Design/methodology/approach: To determine the base sectors, it was carried out using the LQ formula where this technique presented a relative comparison between the capabilities of a sector with the same sector in Pinrang Regency/City.</p> <p>Findings: The results of this research are expected to be a source of scientific research for economic operators, especially in the field of regional planning. According to the results of the cocin-n (LQ) location, the primary sector of Pinrang Regency is agriculture. In addition to healthcare, food manufacturing, food manufacturing, electricity and electricity have become a source of transportation, a car factory, one of industrial and industrial facilities.</p> <p>Research, Practical & Social implications: The equitable distribution of regional economic development should take into account the problems and opportunities for specialization in the process of economic development in the area, with the comparative advantages of each area.</p> <p>Originality/value: The Queen of Pinrang is one of the 24 regenerations of South Sulawesi province. This area is an independent environment and the Government has the authority to establish governance and progress and provide services to the community to properly plan, manage and utilize the economic potential of the region.</p> <p>Doi: https://doi.org/10.26668/businessreview/2023.v8i5.2177</p>

**AS VANTAGENS COMPARATIVAS DOS SETORES ECONÔMICOS NA REGENCIA DE PINRANG
EM 2016 – 2020**

RESUMO

Objetivo: O objetivo deste estudo é identificar e analisar os setores que tiveram uma vantagem comparativa em Pinrang Regency nos últimos 5 anos, usando o método de correspondência de localização (LQ).

Referencial teórico: A vantagem comparativa foi Salvador (1997). Ricardo explicou que se dois países fizerem comércio entre si e exportarem bens com vantagem comparativa, terão sorte.

Desenho/metodologia/abordagem: Para determinar os setores de base, foi realizado usando a fórmula LQ onde esta técnica apresentou uma comparação relativa entre as capacidades de um setor com o mesmo setor em Pinrang Regency/City.

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Resultados: Espera-se que os resultados desta investigação sejam uma fonte de investigação científica para os operadores económicos, especialmente no domínio do ordenamento do território. De acordo com os resultados da localização cocin-n (LQ), o setor primário de Pinrang Regency é a agricultura. Além da saúde, a fabricação de alimentos, a fabricação de alimentos, a eletricidade e a eletricidade se tornaram uma fonte de transporte, uma fábrica de automóveis, uma das instalações industriais e industriais.

Pesquisa, implicações práticas e sociais: A distribuição equitativa do desenvolvimento econômico regional deve levar em consideração os problemas e oportunidades de especialização no processo de desenvolvimento econômico da área, com as vantagens comparativas de cada área.

Originalidade/valor: A Rainha de Pinrang é uma das 24 regenerações da província de South Sulawesi. Esta área é um ambiente independente e o Governo tem autoridade para estabelecer governança e progresso e fornecer serviços à comunidade para planejar, gerenciar e utilizar adequadamente o potencial econômico da região.

Palavras-chave: Comparativo de Vantagens, Quociente de Localização, Desenvolvimento Econômico, Econômico Regional.

LA COMPARATIVA DE VENTAJAS DE LOS SECTORES ECONÓMICOS EN LA REGENCIA DE PINRANG EN 2016 – 2020

RESUMEN

Propósito: El objetivo de este estudio es identificar y analizar los sectores que han tenido una ventaja comparativa en Pinrang Regency en los últimos 5 años, utilizando el método de coincidencia de ubicación (LQ).

Marco teórico: La ventaja comparativa fue Salvator (1997). Ricardo explicó que si dos países comercian entre sí y exportan bienes con una ventaja comparativa, tendrán suerte.

Diseño/metodología/enfoque: Para la determinación de los sectores base se realizó mediante la fórmula LQ donde esta técnica presentó una comparación relativa entre las capacidades de un sector con el mismo sector en Pinrang Regency/City.

Hallazgos: Se espera que los resultados de esta investigación sean una fuente de investigación científica para los operadores económicos, especialmente en el campo de la planificación regional. Según los resultados de la ubicación de cocin-n (LQ), el sector principal de Pinrang Regency es la agricultura. Además de la atención médica, la fabricación de alimentos, la fabricación de alimentos, la electricidad y la electricidad se han convertido en una fuente de transporte, una fábrica de automóviles, una de instalaciones industriales e industriales.

Implicaciones de Investigación, Prácticas y Sociales: La distribución equitativa del desarrollo económico regional debe tomar en cuenta los problemas y oportunidades de especialización en el proceso de desarrollo económico del área, con las ventajas comparativas de cada área.

Originalidad/valor: La Reina de Pinrang es una de las 24 regeneraciones de la provincia de Sulawesi del Sur. Esta área es un entorno independiente y el Gobierno tiene la autoridad para establecer la gobernanza y el progreso y brindar servicios a la comunidad para planificar, administrar y utilizar adecuadamente el potencial económico de la región.

Palabras clave: Comparativo de Ventajas, Cociente de Ubicación, Desarrollo Económico, Económica Regional.

INTRODUCTION

The distribution of regional economic development needs to pay attention to the problems and potentials that exist in the area so that there will be knowledge in the process of economic development with the relative advantages possessed by each area. Pinrang Regency is one of the 24 towns in Regency Province. This area is one of the autonomous regions with the authority to properly manage, manage and use the economic potential of the region.

Finding the comparative advantage of the Pinrang Regency area requires a useful method to assess and project the economic potential of the region (Arauco et. al 2022). In

addition, it can be used as a guide to define the lines and actions to be adopted to accelerate the pace of economic growth in the region.

Regional gross domestic product is an important indicator in a region for identifying the production of goods and services that can serve as a basis for planning and evaluating regional economic development. Pinrang Regency's GRDP was supported by 9 economic sectors, including agriculture, quarrying, processing, electricity and water, buildings, commerce, hotels and restaurants, transport and communication, financial institutions and services.

As an agricultural area, Pinrang Regency's economy leads the agricultural sector, contributing 57.88% in 2016. Then followed by the service sector, trade, hotel, and restaurant sector with 14.54% and 13.09% respectively in 2016.

The shift in the economic structure in the following years showed an increasingly better development because conducive economic conditions supported it. Overview of the economic structure in 2016 – 2020.

Table 1. Economic Structure of Pinrang Regency

Years / Sector	2016	2017	2018	2019	2020
1. Agriculture	57.88	56.50	55.32	55.04	54.13
2. Excavation	0.83	0.84	0.79	0.83	0.88
3. Manufacturing Industry	4.35	3.95	4.32	4.24	4.15
4. Electricity and Water	0.68	0.63	0.71	0.66	0.64
5. Building	4.20	3.99	3.71	3.89	3.97
6. Hotel & Restaurant Trade	12.48	12.66	12.10	12.36	13.09
7. Transportation & Communication	4.05	3.84	4.24	4.52	4.57
8. Financial Institutions	4.08	3.96	3.89	3.90	4.03
9. Services	11.44	13.63	14.93	14	14.54
TOTAL	100.00	100.00	100.00	100.00	100.00

Source: Prepared by the authors (2023)

The Data in table 1 shows that the agricultural sector has shifted with a decreasing trend from year to year. However, the contribution of GRDP is still dominated by the agricultural sector but its role has shifted to other sectors which continue to increase. The regional economic structure is assessed by the size of the GRDP at current prices. The economic structure of Pinrang Regency in 2020 still relies on 3 groups of business fields, namely agriculture, services, trade, hotels, and restaurants, with a contribution of 81.76% to the GRDP of Pinrang Regency in 2020. The highest GRDP contribution in 2020 is 54.13% in the agricultural sector, followed by the services sector with 14.54%, then the trade, hotel, and restaurant sector with 13.09%. Thus, the economy of Pinrang Regency is dominated by the agricultural sector, because this sector has a bigger role than other business sectors.

Pinrang Regency Sulawesi is one of the gyms that has become a southern rice barn. In addition, the contribution of the agricultural sector to the economy of Pinrang Regency is mainly made in the agricultural sector. The economic activity of the agricultural sector of Pinrang Regency collaborated on the technical irrigation infrastructure in 2020 and printed new rice areas to growth the harvest compared to the previous year. However, in the last 4 years, the contribution of the agricultural sector to GDP has been reduced. Economic change is characterized by growth in per capita income and growth in the secondary sector's contribution to GDP. There are two main reasons; (1) Rising household incomes reduce the proportion of income spent on food and (2) the growth of agricultural productivity through modern instruments influences the reduction of the labor force in the agricultural sector and the rest can work in other sectors (Ranganathan et. al 2022).

LITERATURE REVIEW

The Theory of Comparative

The comparative advantage was Salvator (1997). Ricardo explained that if two countries trade with each other and export goods with a comparative advantage, they will be lucky. The comparative advantage of a commodity for a country or region is that the commodity is superior to other commodities in the region. In this case, the definition of the latter is as a comparison and not as a real added value. If the advantage is a real added value, it is called an absolute advantage.

In interregional trade, the market mechanism encourages each region to move towards a sector with a comparative advantage for the region. Policymakers can use a region's comparative advantage to drive changes in the region's economic structure toward sectors with comparative advantage. If you know of a sector with a comparative advantage over a region, you can develop that sector without waiting for the pressure of the market mechanism, which is often slow moving.

David Ricardo (Zakaria Junaidin, 2008) explains that the value or price of a merchandise is the value of the work. The value of the work has been determined by the times and hours of work created by an element. According to this theory, the price of an item has been determined by the amount of labor used to produce the item. According to the theory of comparative advantage, although one country can produce all goods at a lower price than another country, trade still favors both countries based on comparative costs.

The theory of comparative advantage by Hecksher-Ohlin (Zakaria Junaidin, 2008) explains that differences in the Opportunity *Cost* of a country or region with other countries or regions can occur due to differences in the number or proportion of production factors owned by each country. These differences can lead to a trade. Countries or regions that have relatively many production factors and are cheap in their production will specialize in these products and export them to other countries or other regions. On the other hand, countries that have relatively scarce and expensive production factors will import from other countries or regions which are relatively cheaper. The difference in the relative prices of commodities prevailing between countries or regions is a source of comparative advantage for each country and is the driving force behind mutually beneficial trade between countries or regions.

Theory of Economical Structural Change

The theory of structural change is based on the transformation of the economic structure from an agrarian model to a more modern structure and a large manufacturing and service sector. This structural view is supported by W. Arthur Lewis, famous for his theoretical model of useless work in two sectors, and Hollis B. Chenery, famous for his empirical research on development models (Todaro, 2000).

Arthur Lewis's theory of development basically discusses the process of development between the town and the city, including the process of urbanization that occurs between the two places. This theory also discusses the investment models that occur in the modern sector, as well as the wage-setting system applied in the modern sector, which will ultimately affect the flow of existing urbanization (Kuncoro, 1997). Lewis (Tambuna, 2001) believes that the economy has two sectors: agri-food and capitalist industry with subsistence income. In rural areas, the overweight of the labor force of the large population and the standard of living of the population are conditions of survival derived from the survival economy.

Regional Economic Growth & Development

Economic growth is the overall growth of people's incomes that occur in the region, that is, the growth of all the value added that is produced. In principle, regional income is calculated at current prices. However, to see the increase from one period of time to the next, it must be expressed in real value, which means that it is expressed at constant prices. In general, the BPS, when preparing regional income reports, gives figures at current prices and constant prices (Tarigan Robinson, 2005).

In fact, economic growth only had production of goods and services at the national level, and development has a broader dimension than economic growth (Kuncoro Mudrajad, 2013).

The economic development of the region is a process of meeting between local governments and their communities to create new jobs and boost the development of economic activity in the region (economic growth). (Subandi, 2008)

Economic Base Theory

The analysis of the economic base is responsible for identifying basic income (Richardson, 2001). The number of core activities in a region will, at the same time, increase the demand for goods or services within the region, which, in turn, will increase the number of non-core activities.

According to the theory of the economic base, the regional economic growth rate is determined by the size of the growth of regional exports. The growth of industries that use local resources, including labour and raw materials for export, will generate regional wealth and employment opportunities (Arsyad, 1999). This case requires mutual understanding for a region to have a leading sector if the region can win the competition to export in the same sector as other regions.

In this study, the economic basis theory is used because this theory is the simplest form of income model and can be useful as a means to clarify the structure of the region concerned, this theory also provides a strong basis for regional income studies and can also be used to see what factors only that can encourage regional growth (Adisasmita, 2005).

METHODOLOGY

Data Analysis Methods

The data was analyzed using:

Method *Location Quotient* (LQ)

To determine the base sectors, it was carried out using the LQ formula where this technique presented a relative comparison between the capabilities of a sector with the same sector in Pinrang Regency/City.

Through GRDP data on the basis of constant prices. The analysis used is the following formula:

$$LQ = \frac{\frac{GRDP_{B,i}}{GDP_B}}{\frac{GRDP_{SS,i}}{GDP_{SS}}}$$

Where:

GRDP_{B,i} = GRDP sector I in a district in a certain year
PDRB_B = Total GRDP in a district in a certain year
GRDP_{SS,i} = GRDP sector I in a province in a certain year
GRDP_{ss} = Total GRDP in a certain province in a certain year.

According to the formula above, it is expected to find basic sectors in each sector in Pinrang Regency which growth can be stimulated in order to increase GRDP growth in Pinrang Regency.

RESULT AND DISCUSSION

Location Quotient (LQ) Analysis

A. Agricultural Sector

Based on the LQ analysis for 5 years from 2016 to 2020 the agricultural sector experienced fluctuations but in general, experienced an increase with an average LQ of the agricultural sector of 2.21. This indicates that the value ($LQ > 1$) thus this sector has a comparative advantage or belongs to the base sector. Thus, the agricultural sector can comply with the local community and outside the region or be exported.

B. Mining Sector

The results of the LQ calculation from 2016 to 2020 show that the mining sector as a whole experienced fluctuations but in 2019 - 2020 the mining sector again experienced an increase from in 2017 it was 0.13 and in 2020 it was 0.14.

Mining and quarrying have an average LQ value of 0.11. This means that this sector is a non-basic sector, so to meet the needs of Pinrang Regency, supply from other areas is needed on average 0.89.

C. Manufacturing Industry Sector

The LQ calculation results from 2016 – 2020 the manufacturing industry sector as a whole have increased, this can be seen in 2016 with an LQ value of 0.33, an increase in 2018 to 2020 with an LQ value of 0.39. Overall, the average LQ value of the manufacturing industry sector is 0.37, which means $LQ < 1$ so the manufacturing sector is a non-basic sector because the Pinrang Regency industry is currently only at the limit of managing small industries, home industries, and medium industries, from raw materials into semi-finished goods or perhaps

limited to non-oil and gas industries such as the timber industry, plantation industry, and boat-building industry.

D. Electricity, Gas, and Clean Water Sector

The results of the LQ calculation show that the electricity, gas, and clean water sector as a whole experienced fluctuations only in 2018 and 2019 the sector experienced an increase of 0.73 respectively, but in 2020 it decreased to 0.71. However, electricity, gas, and clean water have an average LQ value of 0.71. This sector does not experience an increase from year to year, because the clean water sector is distributed by regional drinking water companies whose customers are decreasing as a result of many people disconnecting and switching to drilled springs.

E. Building Sector

Based the LQ analysis, shows that the building sector has experienced poor development because it has experienced several declines in the value of LQ. However, the LQ value increased in 2019 and 2020 by 0.72 respectively, so it can be said that the development of the building sector decreased. Thus, the overall average LQ value of the building sector shows a number smaller than 1. So the building sector is not included in the base sector so to meet the needs of Pinrang Regency, supplies from outside the region are needed.

F. Trade, Hotel, and Restaurant Sector

The LQ analysis that the trade, hotel, and restaurant sector show a fluctuating value and the development of an average LQ value of 0.69, this imply that this sector is a non-basic sector so that this sector in Pinrang Regency has not been able to meet the needs of the region and must import from outside Pinrang by 0.31.

G. Transportation and Communication Sector

Based on the results of the LQ analysis showed that the transportation and communication sector has increased from year to year, started in 2016 the LQ was 0.48 and in 2020 it was 0.50. The average LQ value of the transportation and communication sector shows a number smaller than 1, which is 0.49. Thus, the sector is included in the non-base sector.

H. Financial, Leasing, and Corporate Services Sector

The results of the LQ analysis show that the financial, leasing, and corporate services sector shows a declining LQ value until 2020 and the average LQ value is below 1, which is 0.61. Thus, this sector is a non-basic sector. Therefore, the financial sector, leasing, and company services in Pinrang Regency have not been able to meet the needs of the area so this sector must import from other regions due to a large number of non-performing or bad loans in

Pinrang Regency. Nevertheless, the support of banking and other financial services such as BRI, BNI, BPD, Bank Danamon, Bank Mega, Bank Mandiri, Pegadaian, and others are not utilized properly by the community.

I. Services Sector

The LQ calculation shows that this sector experienced fluctuations, decreasing from 2016 to 2017 and then increasing in 2019 by 0.76, and in the following year, it decreased from 2019 and 2020, respectively by 0.74. Thus, the services sector shows an $LQ < 1$ which is 0.74 so this sector is a non-basic sector. Therefore, to occupy the Pinrang Regency 0.26 assistance from other regions is needed due to the lack of expertise of service providers in conquering the market, such as the lack of promotion and competitive strategies.

The results of the Location Quotient (LQ), it is known that the primary sector in Pinrang Regency is the agricultural sector, while other sectors such as the mining and quarrying sector, the manufacturing industry sector, the electricity, gas, and clean water sector, the building sector, the trade sector, hotels and restaurants, the industrial sector transportation and communications, the financial sector, the rental and corporate services sector, and the services sector. Thus, the agricultural sector is the only sector as the base sector with an LQ index > 1 . This shows that the Pinrang Regency area is able to meet its own needs in this sector and is also likely to be able to export goods and services out of this sector.

CONCLUSIONS AND SUGGESTIONS

Based on the results of the review and discussion, the following conclusion can be drawn:

The analysis of the question asked in Pinrang Regency (LQ) in 2020 in Pinrang Regency has a comparative advantage over other sectors: mining and quarrying, manufacturing, electricity, gas and clean water, construction, commerce, hotels and restaurants, transport and communications, financial and rental sectors, business sector services and services, do not have comparative advantages. Based on the results of research and discussion, several opinions can be suggested as follows: (1) The government's attention to the development of a sector that has a comparative advantage in Pinrang Regency needs to increase the value of GRDP such as the agricultural sector, however, the government also needs to pay attention to other sectors that do not have a comparative advantage to build a major contribution to GRDP growth. (2) The agricultural sector needs to improve because it is decreasing, although Pinrang Regency has an exceptionally high potential to develop the agricultural sector.

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