



Analysis of Basic and Potential Economic Sectors in Tana Tidung Regency

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Abstract: This study aims to analyze the basic and potential economic sectors that can drive economic growth in Tana Tidung Regency. This research is useful in providing a significant boost in the form of appropriate programs and policies to encourage economic growth in Tana Tidung Regency. Investors can also identify investment opportunities in potential sectors. This study uses data from the Central Statistics Agency (BPS) of Tana Tidung Regency and North Kalimantan Province for 2022-2024. The data analysis technique used is the Location Quotient (LQ) to identify the basic sectors and the Klassen Typology to identify potential sectors in Tana Tidung Regency. The results of the data analysis indicate that the basic sectors in Tanah Tidung Regency are agriculture, forestry, and fisheries, as well as mining and quarrying. Investors have investment opportunities in several potential sectors. The results of the data analysis indicate that potential sectors in Tanah Tidung Regency are the manufacturing industry, construction, wholesale and retail trade, car and motorcycle repair, financial services and insurance, real estate, and corporate services.

Keywords: Economic Growth, Potential Sectors, Basic Sectors, Economics Sector

Introduction

The eighth sustainable development goal is to promote inclusive and sustainable economic growth, productive and comprehensive employment opportunities, and decent work for all (BPS, 2024). According to Todaro & Smith (2020), improving public welfare is characterized by economic growth. Understanding the basic sectors and their potential drivers of economic growth in Tana Tidung Regency is crucial for providing significant support through programs and policies.

These basic sectors can be further developed without neglecting other sectors. Basic activities play a key role in driving regional growth. The greater a region's exports to other regions, the more advanced its growth, and vice versa. Any changes in the basic sector will have a multiplier effect on the regional economy (Adisasmita, 2018). According to Arsyad (2016), the economic base theory explains that the primary determinant of a region's economic growth is directly related to demand for goods and services from outside the region. Industrial growth that utilizes local resources, including labor and raw materials for export, will generate regional wealth and create jobs. The weakness of this theory is that it

is based on external demand, not internal demand. This ultimately leads to a high dependence on national and global market forces. This model is very useful for determining the balance between the types of industries and sectors needed by the community to promote economic stability. Local governments can focus on basic sectors to drive economic growth.

According to the Central Statistics Agency (BPS) (2025), the growth rate of Tana Tidung Regency's gross regional domestic product (GRDP) in 2024 was 3.57 percent. The distribution of Tana Tidung Regency's GRDP was 6.20 percent of North Kalimantan Province's GRDP. Tana Tidung Regency's contribution to GRDP was lower than that of Malinau, Nunukan, Bulungan, and Tarakan City. The following is the distribution of gross regional domestic product (GRDP) at current prices by industry in Tana Tidung Regency in 2024.

Table 1. Gross regional domestic product (GRDP) GRDP of Tana Tidung Regency 2023-2024 (Million Rupiah)

No	Sector	2023	2024
1	Agriculture, forestry, and fisheries	2.125,54	2.227,21
2	Mining and quarrying	4.134,12	3.728,40
3	Processing industry	150,91	166,16
4	Electricity and gas supply	1,62	1,88
5	Water supply, waste management, and recycling	1,04	1,13
6	Construction	1.401,95	1.599,18
7	Wholesale and retail trade; car and motorcycle repair	400,52	442,25
8	Transportation and warehousing	50,92	55,95
9	Provision of accommodation and food and beverage services	16,15	18,11
10	Information and communication	3,13	3,99
11	Financial services	8,66	9,19
12	Real estate	45,50	48,36
13	Corporate services	1,17	1,23
14	Government administration, defense, and compulsory social security	765,02	831,34
15	Educational services	117,17	125,23
16	Healthcare services and social activities	5,01	5,43
17	Other services	29,74	32,31
Gross Regional Domestic Product (GRDP)		9.258,17	9.297,34

Source: BPS (2025)

Table 1 shows an increase in Tana Tidung Regency's GRDP from 2023 to 2024. However, the mining and quarrying sector experienced a decline in 2024. According to Statistics Indonesia (BPS) (2025), the distribution of GRDP at current prices by industry in Tana Tidung Regency in 2024 was dominated by four sectors: agriculture (23.96 percent), mining and quarrying (40.10 percent), construction (17.20 percent), and government administration, defense, and compulsory social security (8.94 percent).

According to Marshelynda et al. (2025), there was a shift in the base sector from two main sectors, mining and processing, to five main sectors after the expansion: agriculture, forestry, and fisheries; construction; transportation and warehousing; and government

administration in North Kalimantan. According to Panzera & Postiglione (2021), economic growth and regional income inequality are related to geographic location and spatial externalities. Challenges are greater in regions with less strategic geographic locations. Meanwhile, according to Wang & Li (2022), the determinants of regional economic resilience are income inequality, innovation, government intervention, human capital, and financial development. According to Kurniawan et al, (2025), economic growth can reduce morbidity.

The increase in the number of leading sectors after the expansion reflects a stronger and more sustainable direction for economic development. Tana Tidung Regency's economic growth is expected to reduce unemployment and poverty rates. According to the Central Statistics Agency (BPS) (2025), the percentage of poor people in Tana Tidung Regency in 2024 will be 4.47 percent (1.50 thousand people). On the other hand, according to Kurniawan et al. (2023), district/city governments in North Kalimantan Province can take advantage of the demographic bonus to reduce poverty, which ultimately increases economic growth. Meanwhile, the open unemployment rate in Tana Tidung Regency in 2024 was 3.67 percent (554 people). Potential and leading sectors can increase demand for goods and services, which ultimately increases the demand for labor. Labor demand can reduce unemployment and poverty in Tana Tidung Regency. Reducing unemployment can also increase life expectancy in North Kalimantan (Kurniawan et al, 2025).

The growth of potential sectors will impact the growth of other sectors in Tana Tidung Regency. Understanding potential and leading sectors is important for maintaining the basic sector and providing significant support to potential sectors in Tana Tidung Regency. Business actors can identify potential sectors for investment in Tana Tidung Regency.

Research Method

This research was conducted using a quantitative descriptive approach. The data used in this study were obtained from the Central Statistics Agency (BPS) of Tana Tidung Regency and North Kalimantan Province for the 2022-2024 period. To identify the leading sectors in Tana Tidung Regency, a location quotient (LQ) analysis was conducted. According to Kuncoro (2019), the location quotient (LQ) is a measure used to assess leading sectors and subsectors. According to Arsyad (2016), a basic sector is a sector in a region that has demand from within and outside the region. A non-basic sector is a sector in a region that has demand within the region.

According to Marshelynda et al. (2025), Abdillah et al, (2025), Sausan et al. (2022), and Kuncoro (2019), the formula for calculating LQ is as follows:

$$LQ = \frac{q_i/q_r}{Q_i/Q_n}$$

Note:

q_i : Business Sector i in Tana Tidung Regency

q_r : Business Sector i in Tana Tidung Regency

Q_i : Business Sector i in North Kalimantan Province

Q_n : Business Sector i in North Kalimantan Province

Assessment indicators.

$LQ > 1$: Business Sector i is a basis sector in Tana Tidung Regency

$LQ < 1$: Business Sector i is not a basis sector in Tana Tidung Regency

Second, to identify potential sectors, a Klassen Typology analysis is conducted. According to Kuncoro (2019), the Klassen Typology is used to group regions based on economic growth and per capita income to determine the pattern and structure of a region's economic growth. According to Arsyad (2016), a potential sector is an economic sector that has a production capacity higher than local demand and is capable of exporting goods or services to other regions.

According to Marshelynda et al. (2025), Nihayah et al. (2023), Rosandi et al. (2025), and Kuncoro (2019), the formula for calculating the Klassen Topology is as follows.

Table 2. Sector Grouping Based on Classification Typology

	Sectoral growth	GRDP per capita above average ($y_i > y$)	GRDP per capita below average ($y_i < y$)
Sectoral Contribution			
Above average economic growth ($r_i > s$)		Quadrant 1 Advanced and rapidly growing sectors	Quadrant 2 Advanced but depressed quadrant
Below average economic growth ($r_i < s$)		Quadrant 3 Potential sectors or those with the potential to grow rapidly	Quadrant 4 Relatively underdeveloped sectors

Result and Discussion

The results of the data analysis explain the basic sectors in Tana Tidung district as follows.

Table 3. Results of Location Quotient (LQ) Analysis for 2023-2024

No	Sector	2023	2024
1	Agriculture, forestry, and fisheries	1,61	1,62
2	Mining and quarrying	1,31	1,40
3	Processing industry	0,21	0,22
4	Electricity and gas supply	0,30	0,34
5	Water supply, waste management, and recycling	0,21	0,21

No	Sector	2023	2024
6	Construction	1,32	1,33
7	Wholesale and retail trade; car and motorcycle repair	0,37	0,37
8	Transportation and warehousing	0,08	0,08
9	Provision of accommodation and food and beverage services	0,12	0,12
10	Information and communication	0,01	0,02
11	Financial services	0,09	0,08
12	Real estate	0,80	0,80
13	Corporate services	0,07	0,07
14	Government administration, defense, and compulsory social security	2,05	2,10
15	Educational services	0,55	0,55
16	Healthcare services and social activities	0,06	0,06
17	Other services	0,48	0,48

The LQ analysis results in Table 3 indicate four basic sectors in Tana Tidung Regency. These basic sectors are agriculture, forestry, and fisheries in 2024 (LQ = 1.62), mining and quarrying in 2024 (LQ = 1.40), construction in 2024 (LQ = 1.33), and government administration, defense, and compulsory social security in 2024 (LQ = 2.10). There were no changes in the basic sectors in Tana Tidung Regency between 2023 and 2024. This indicates that there has been no change in the economic structure driving Tana Tidung Regency's economic growth. Tana Tidung Regency's economic structure remains reliant on natural resource exploitation. Potential non-natural resource sectors in Tana Tidung Regency need to be identified.

The data analysis results explain the potential sectors in Tana Tidung Regency as follows.

Table 4. Sector Grouping Based on Classification Typology

Sectoral Contribution	Sectoral growth	GRDP per capita above average ($y_i > \bar{y}$)	GRDP per capita below average ($y_i < \bar{y}$)
Above average economic growth ($r_i > \bar{s}$)	Quadrant 1 (Advanced and rapidly growing sectors)	Quadrant 2 (Advanced but depressed quadrant)	-
	1. Agriculture, forestry, and fisheries		
	2. Mining and quarrying		
Below average economic growth ($r_i < \bar{s}$)	Quadrant 3 (Potential sectors or those with the potential to grow rapidly)	Quadrant 4 (Relatively underdeveloped sectors)	
	1. Manufacturing industry	1. Electricity and gas supply	
	2. Construction	2. Water supply, waste management, sewage, and recycling	
	3. Wholesale and retail trade, car and motorcycle repair	3. Transportation and warehousing	
	4. Financial and insurance services		

5. Real estate	4. Provision of accommodation and food and beverages
6. Corporate services	5. Information and communication
	6. Government administration, defense, and mandatory social security
	7. Education services
	8. Health services and social activities
	9. Other services

The results of the Klassen Typology analysis in Table 4 indicate six potential sectors in Tana Tidung Regency. These sectors include manufacturing, construction, wholesale and retail trade, car and motorcycle repair, financial services and insurance, real estate, and business services. These sectors have the potential for rapid growth. The government can provide significant support to transform these potential sectors into core sectors in Tana Tidung Regency. Investors can invest in potential sectors in Tana Tidung Regency.

According to Deng et al. (2022), manufacturing industry growth can be driven by the digital economy, and surrounding areas have spatial spillover effects. According to García et al. (2023), rural entrepreneurship provides solutions and contributes to regional economic development. Rural entrepreneurs find greater entrepreneurial opportunities when located in environments characterized by investment and credit availability. However, professionals with higher levels of education perceive rural environments as less attractive for entrepreneurship.

Businesses need to be able to access People's Business Credit (KUR) easily to increase their production. According to Ozturk & Ullah (2022), digital financial inclusion increases economic growth but decreases environmental quality. Increasing digital financial inclusion is crucial for achieving economic performance and environmental sustainability. Ziberi et al. (2022), increased government investment in education drives economic growth. Meanwhile, according to Apostu et al. (2022), economic growth can be driven through education, entrepreneurship, and innovation. According to Hanushek et al. (2020), education plays a significant role in driving economic growth, with a particular focus on knowledge capital, or aggregate skills. The cognitive skills of the population, beyond educational attainment, are strongly linked to long-term economic growth. The relationship between knowledge capital and growth has been shown to be very strong. The complementary effects of skills on the quality of economic institutions are significant, but also require time. In addition to business sector development, human resource development is a focus of the Tana Tidung Regency government in promoting economic growth. Health factors are also important for driving micro and macroeconomic growth (Bloom et al, 2024). Health issues are related to employment and the labor economy (Crawshaw et al, 2024). Tanah Tidung district government can also focus on improving public health to encourage economic growth.

Conclusion

There are four (4) basic sectors driving economic growth in Tana Tidung Regency. These basic sectors are agriculture, forestry, and fisheries, mining and quarrying, construction, government administration, defense, and compulsory social security to drive economic growth. There are six (6) potential sectors driving economic growth in Tana Tidung Regency. The government can provide significant support to businesses in potential sectors to become core sectors in Tana Tidung Regency. This support could include facilitating access to capital for businesses in the agriculture, forestry, and fisheries sectors to increase production. Investors have the opportunity to invest in these potential sectors in Tana Tidung Regency. Research needs to be conducted with a longer research data period to provide a broader explanation of the conditions of the basic and potential sectors in Tana Tidung Regency.

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