

Analysis of Leading Economic Sectors in Bone Regency

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Abstract

This research is urgent to guide evidence-based regional policy, strengthen sectoral competitiveness, anticipate structural shifts, prioritize investment, and ensure sustainable economic growth of Bone Regency amid changing national dynamics pressures. The aim of this research is to determine the leading and non-leading sectors in the economy in Bone Regency. This study employs quantitative descriptive research using secondary time-series data. Data were collected through documentation from the Central Statistics Agency (BPS) of Bone Regency for 2019–2023 GRDP at constant 2010 prices. The research was conducted from March to April 2024. Data analysis uses the Location Quotient (LQ) method to identify leading and non-leading economic sectors by comparing sectoral GRDP shares of Bone Regency with South Sulawesi Province. The results of this research show that the leading sectors in Bone Regency are four sectors, namely agriculture, forestry and fisheries, wholesale and retail trade in car and motorbike repairs, transportation and warehousing, real estate, government administration, defense and mandatory social security, and there are two non-leading sectors, namely corporate services and real estate.

Keywords: *Leading Economic Sectors, Regional Economic Development, Location Quotient (LQ)*

Introduction

The growth rate is a measure of how well the government improves the welfare of its citizens, every country continuously strives to achieve the highest possible growth rate. The risk of economic slowdown in a country, especially Indonesia, is influenced by the global economic condition, which has not yet fully recovered (Khumairoh et al., 2018). Indonesia implements a regional autonomy system to govern its administration (Yassa & Bumbungan, 2021). Regional autonomy is one form of reform in managing local governments at the provincial, regency, and municipal levels. It aims to respond to various demands for change in the governmental structure, both from domestic and international socio-political dynamics (Ariyanti et al., 2020; Pahlevi et al., 2025).

Economic activities encompass various sectors such as agriculture, fisheries, industry, and services (Boari et al., 2023). To carry out these activities, the community must utilize the available potential in their regions appropriately and efficiently (Berlian & Wibowo et al., 2026). This can be achieved through technological advancement, improvement in workforce quality, and the development of infrastructure and supporting facilities. It is expected that by maximizing regional potential through suitable economic activities, community welfare will improve (Nasution, 2020). Regional economic potential includes all elements capable of driving regional economic growth (Boari et al., 2023). A key indicator of the economy and improved community welfare is stable and strong growth, which can be used as a tool to assess a region.

The development of a region can be triggered by its economic growth, as disparities in access to production factors and infrastructure investment directly influence variations in regional economic performance (Fransiska & Setiawan, 2022). The availability of production

elements and access to goods and services leads to disparities in economic growth rates across regions, reflecting the challenges of achieving equitable development outcomes (Saragih & Hidayat, 2022). Each region has advantages and economic potential that can contribute to its development, particularly when local sectors are capable of leveraging comparative advantages and regional clusters to stimulate business activity and employment (Fransiska & Setiawan, 2022).

A region's ability to accelerate growth is greatly influenced by the strength and competitiveness of its economic sectors, and investment both public and private plays a key role in enhancing output and labor absorption (IPN Nusantara study, 2025). These industries are crucial for development as they create jobs, foster creativity, and support local economic progress, contributing to reduced inequality when economic growth pathways are inclusive (Triyono et al., 2025). Increased investment and consumption of goods and services raise the demand for economic products and services, which also generates additional employment opportunities and supports sustainable local development (Syahrini et al., 2025). Each region in Indonesia, including South Sulawesi and Bone Regency, closely monitors its economic progress. It is expected that local governments across all regencies and cities will be able to implement more creative policies to stimulate economic growth through regional autonomy, as effective decentralized governance can optimize resource allocation and community welfare improvements across diverse local contexts (Syahrini et al., 2025).

This economic growth will help improve the economic advancement of Bone Regency (Fadila, 2023; Puspita & Imsar, 2025). When comparing regional, national, and international levels, key sectors emerge. A sector is considered leading at the national level if it can compete with similar sectors in other regions (Larasati et al., 2024). Leading industries demonstrate higher competitiveness and comparative advantages compared to other similar industries. They generate high output, add substantial value, and offer significant benefits. Moreover, these industries generate strong demand in both domestic and international markets and have a considerable multiplier effect on other areas of the economy (Herianto et al., 2024). Gross Regional Domestic Product (GRDP) is the total value of all final goods and services produced within a region's economy, whether by local residents or outsiders residing in the area. To design effective development planning, it is important to use statistical data that provides insights into the actual conditions of a region at a given time. This allows for the monitoring and evaluation of the outcomes of implemented and upcoming policies and strategies (Drajat, 2021).

GRDP is one of the metrics used to evaluate the economic performance of a region over a specific period. The total value produced by all business units and economic activities (BPS) in a region is known as the Gross Regional Domestic Product (GRDP). GRDP at constant prices is used to assess economic growth, while GRDP at current prices is used to understand the size and composition of a region's economy.

Table 1. Gross Regional Domestic Product of Bone Regency, 2019–2023

No	Year	GRDP (Constant Prices)	Growth (%)	GRDP (Current Prices)	Growth (%)
1	2019	22,108.04 billion IDR	7.01%	36,034.84 billion IDR	8.80%
2	2020	22,053.75 billion IDR	-0.25%	36,560.64 billion IDR	1.46%
3	2021	23,273.86 billion IDR	5.53%	39,369.96 billion IDR	7.68%
4	2022	24,491.71 billion IDR	5.23%	43,640.84 billion IDR	10.85%
5	2023	25,416.02 billion IDR	3.77%	46,935.17 billion IDR	7.55%

According to the Table 1. above, the GRDP growth of Bone Regency from 2019 to 2023 shows a generally positive trend at constant prices, despite some fluctuations. In 2019, the

highest growth rate recorded was 7.01%, but it declined to -0.25% in 2020. Growth then increased to 5.53% in 2021, fell slightly to 5.23% in 2022, and decreased again to 3.77% in 2023. At current prices, the growth rate reached 8.80% in 2019 but dropped to 1.46% in 2020. It then rose to 7.68% in 2021, peaked at 10.85% in 2022, and declined to 7.55% in 2023. This data indicates that Bone Regency continues to develop in line with population growth, which influences GRDP growth. Paying attention to the sectors in Bone Regency will provide a more detailed understanding of the region's economic status. The table below shows the GRDP by business sector based on constant prices over five years.

Table 2. Percentage Distribution of GRDP in Bone Regency by Business Sector

Sector	2019	2020	2021	2022	2023
Agriculture, Forestry, and Fisheries	46.61	46.28	47.12	47.05	46.57
Mining and Quarrying	3.09	3.15	3.02	2.94	2.91
Manufacturing	7.11	6.99	6.98	7.15	7.21
Electricity and Gas Supply	0.12	0.13	0.14	0.15	0.15
Water Supply, Waste Management, and Recycling	0.04	0.04	0.04	0.04	0.04
Construction	9.76	9.98	9.98	10.05	9.98
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	13.54	13.17	12.74	12.65	12.76
Transportation and Warehousing	2.49	2.19	2.17	2.24	2.40
Accommodation and Food Services	0.59	0.53	0.52	0.54	0.56
Information and Communication	2.27	2.54	2.56	2.77	2.78
Financial and Insurance Activities	2.73	2.80	2.84	2.76	2.67
Real Estate	3.01	3.17	3.03	2.93	3.09
Business Services	0.07	0.06	0.06	0.06	0.07
Public Administration, Defense, and Compulsory Social Security	4.65	4.65	4.60	4.57	4.43
Education Services	2.52	2.78	2.68	2.53	2.75
Health and Social Services	1.06	1.20	1.19	1.18	1.16
Other Services	0.36	0.33	0.33	0.37	0.46
Total GRDP	100	100	100	100	100

Based on the Table 2 above, the agriculture sector makes the largest contribution to the total GRDP of Bone Regency. In 2019, its contribution reached 46.61%. In 2020, this figure slightly decreased to 46.28%, then rose to 47.12% in 2021, slightly dropped to 47.05% in 2022, and stood at 46.57% in 2023. As explained earlier, conducting in-depth research on the leading sectors in Bone Regency is essential. In addition, a sector's superiority can be analyzed through indicators that demonstrate its competitiveness. Therefore, it is important to evaluate the competitiveness of both leading and non-leading sectors to identify which economic sectors will emerge as prominent in Bone Regency in the future. This analysis is expected to serve as a foundation for decision-making related to regional economic growth policies, as well as for enhancing the economic growth and competitiveness of Bone Regency at the national level. Thus, the researcher is interested in conducting a study titled: "Analysis of Leading Economic Sectors in Bone Regency."

The novelty of this study lies in its comprehensive and location-specific analysis of leading economic sectors in Bone Regency by integrating regional economic potential with local development characteristics. Unlike previous studies that often rely on partial indicators or broader provincial analyses, this research employs a systematic approach to identify and compare leading sectors at the regency level, capturing the unique economic structure of Bone Regency. By providing updated empirical evidence, the study offers new insights that can support more targeted regional development planning and sectoral prioritization tailored to local strengths and growth dynamics.

Method

This study employs a quantitative research design with a descriptive approach. Descriptive research is intended to examine phenomena occurring in the present by providing a systematic, factual, and accurate description of facts, characteristics, and relationships among the variables being studied, whether they involve groups of people, objects, conditions, systems, ideas, or events. The research was conducted at the Central Statistics Agency (BPS) of Bone Regency and carried out from March to April 2024. This study relies entirely on secondary data published by BPS, particularly statistical reports related to Bone Regency. The selection of the research location and time period was made deliberately, considering that the characteristics of the region and the availability of data are relevant and aligned with the objectives of the study.

The research method in this study is implemented using a quantitative design with a descriptive approach, which is appropriate for analyzing regional economic conditions based on numerical data. This approach is applied by systematically collecting and processing secondary data published by BPS of Bone Regency, ensuring that the analysis is grounded in reliable and official statistical information. The descriptive method allows the study to portray current economic phenomena objectively by describing patterns, characteristics, and relationships among economic variables without manipulating them. The deliberate selection of Bone Regency as the research location and the March-April 2024 time frame ensures data relevance, completeness, and alignment with the research objectives. Through this method, the study is able to present an accurate and factual depiction of the economic structure of Bone Regency, forming a solid basis for identifying and analyzing its leading economic sectors

The data used in this research are secondary quantitative data in the form of time-series (annual) data. All data were obtained from the official website BPS of Bone Regency. Specifically, the data consist of Gross Regional Domestic Product (GRDP) figures of Bone Regency at constant 2010 prices by business field for the period 2019–2023, presented in both million rupiahs and percentage terms. Because this study uses secondary data, it does not involve a population or sample. Data collection was carried out through documentation techniques, which include collecting data from government institutions in Bone Regency, especially the BPS office and the official Bone Regency website. In addition, supporting references were obtained through literature studies, including books, scientific papers, journals, and articles related to the topic of this research.

To address the research objectives, the data were analyzed using LQ method. LQ analysis is used to determine the level of specialization of economic sectors by identifying whether a sector is classified as a leading or non-leading sector. This method uses indicators of regional economic growth, particularly GRDP. The Location Quotient is calculated by comparing the proportion of a specific sector's GRDP in Bone Regency to the total GRDP of Bone Regency, with the proportion of the same sector's GRDP in South Sulawesi Province to the province's total GRDP. An LQ value greater than one ($LQ > 1$) indicates that the sector is a leading sector, meaning it is able to meet local demand and generate a surplus that can be supplied to other regions. Conversely, an LQ value less than one ($LQ < 1$) indicates a non-leading sector that primarily serves local needs and has limited potential for broader economic development.

The operational definitions used in this study are as follows. GRDP refers to the total added value of goods and services produced by all economic activities within a region. GRDP can be calculated based on current prices and constant prices, and a higher GRDP reflects stronger regional economic capacity. An economic sector refers to the business fields included in the

GRDP classification, such as agriculture, forestry, and fisheries; wholesale and retail trade and the repair of motor vehicles and motorcycles; transportation and warehousing; real estate; corporate services; public administration, defense, and compulsory social security. A leading sector is defined as an economic sector that not only serves domestic demand but also external markets, enabling the region to “export” goods and services to other areas. In contrast, a non-leading sector is a sector that mainly serves the local market. Leading sectors play a crucial role in regional development due to their high growth rates, strong ability to absorb labor, close forward and backward linkages with other sectors, and capacity to generate high value added.

Results

Location Quotient (LQ) Analysis

LQ functions to measure the level of specialization of both leading and non-leading economic sectors. In the LQ method, various factors can serve as indicators of regional growth, such as employment opportunities and Gross Regional Domestic Product (GRDP). In this study, the LQ analysis is used to measure the potential of economic sectors in Bone Regency. The LQ formula is as follows:

$$LQ = \frac{(\text{GRDP of sector } i \text{ in Bone Regency} / \text{TotalGRDP in Bone Regency})}{(\text{GRDP of sector } i \text{ in Bone Regency} / \text{TotalGRDP in Bone Regency})}$$

Explanation:

- $LQ > 1$ → indicates a leading sector, meaning the sector can meet local needs and has the potential to export to other regions.
- $LQ < 1$ → indicates a non-leading sector, meaning the sector cannot yet fulfill the local economy's needs independently.

Thus, if $LQ > 1$, the sector is considered a leading sector with potential to be developed as an economic driver in Bone Regency. Conversely, if $LQ < 1$, the sector is categorized as non-leading and has less potential to contribute significantly to the regional economy.

Table 3. Classification of Leading and Non-Leading Sectors in Bone Regency

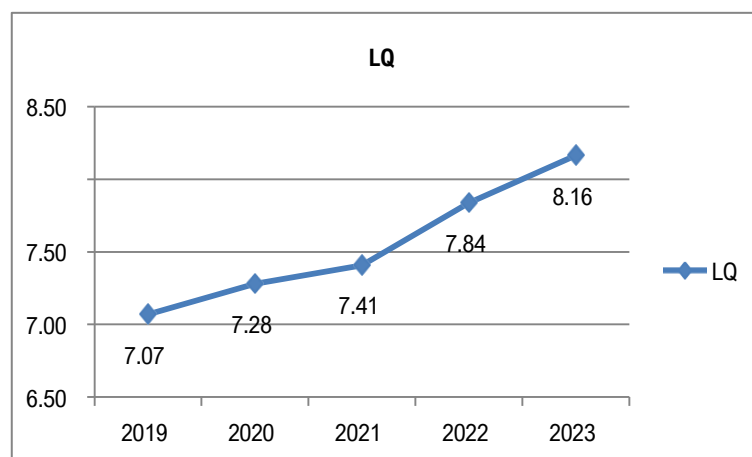
Leading Sector	Non-Leading Sector
Agriculture, Forestry, and Fisheries	Real Estate
Wholesale and Retail Trade, Repair of Motor Vehicles	Business Services
Transportation and Warehousing	
Public Administration, Defense, and Mandatory Social Security	

According to Table 3, four economic sectors in Bone Regency are classified as leading sectors, as indicated by LQ values greater than one. This condition reflects the strong specialization of these sectors, showing that they are not only able to meet local demand but also have the capacity to generate surplus output for export to other regions. The dominance of these sectors demonstrates Bone Regency's comparative advantage and highlights their strategic role as drivers of regional economic growth. In contrast, two sectors are categorized as non-leading sectors because their LQ values are below one. This indicates that these sectors are still relatively underdeveloped and remain dependent on supplies from outside the region, as they are not yet capable of fully meeting local economic needs. More detailed LQ values are shown in the following table:

Table 4. LQ Calculation Results in Bone Regency, 2019–2023

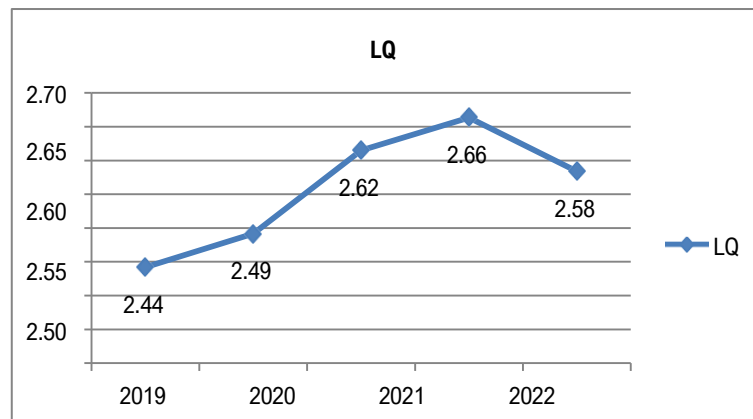
Economic Sector	2019	2020	2021	2022	2023	Total	Avg.	Description
Agriculture, Forestry, and Fisheries	7.07	7.28	7.41	7.84	8.16	37.76	7.55	Leading
Real Estate	0.59	0.66	0.63	0.62	0.66	3.17	0.63	Non-Leading
Wholesale and Retail Trade, Motor Vehicle Repair	11.41	14.56	14.24	12.67	12.40	65.28	13.06	Leading
Transportation and Warehousing	5.12	5.37	5.51	5.23	5.55	26.79	5.36	Leading
Business Services	0.45	0.48	0.46	0.46	0.51	2.36	0.47	Non-Leading
Public Administration, Defense, and Mandatory Social Security	3.25	3.35	3.43	3.63	3.59	17.25	3.45	Leading

Based on the results presented in Table 4, the leading economic sectors in Bone Regency consist of agriculture, forestry, and fisheries; wholesale and retail trade along with the repair of motor vehicles; transportation and warehousing; and public administration, defense, and mandatory social security. Meanwhile, the real estate sector and business services are classified as non-leading sectors. The dominance of these leading sectors is further supported by the performance of key commodities in Bone Regency. In 2023, shallots emerged as the most widely cultivated horticultural commodity, with a harvested area of 299 hectares and total production reaching 2,670 tons. Bananas recorded the highest fruit production, amounting to 30,252 tons. In the plantation subsector, sugarcane was the most prominent commodity, producing 52,730 tons. The livestock subsector was also significant, encompassing cattle, buffaloes, horses, goats or sheep, chickens, and ducks, with the total cattle population reaching 436,363 heads. In addition, the fisheries subsector showed strong performance, with aquaculture contributing the highest production, totaling 297,396 tons in 2023.



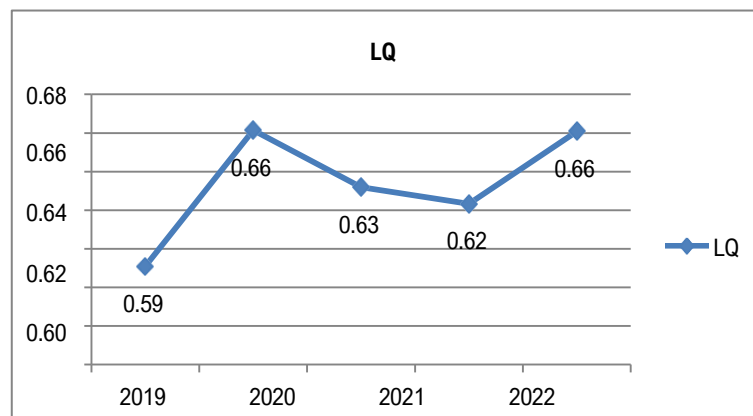
Graph 1. Development of LQ in the Agriculture, Forestry and Fisheries Sector, 2019-2023

This graph shows a consistent upward trend in LQ of the agriculture, forestry, and fisheries sector in Bone Regency. The LQ increased from 7.07 in 2019 to 8.16 in 2023, indicating that this sector has remained highly dominant and increasingly specialized, strengthening its role as a leading sector over the study period.



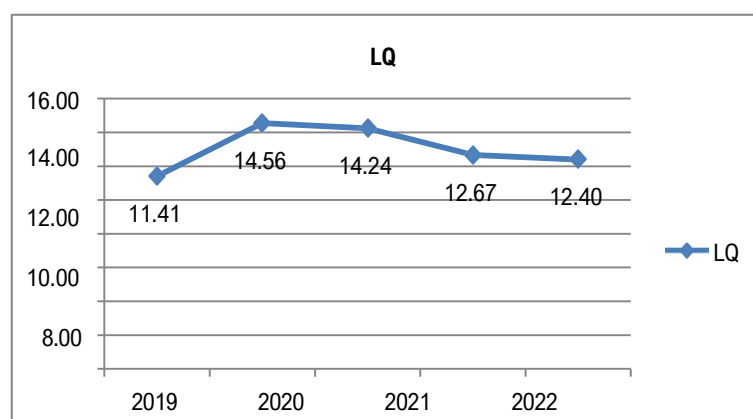
Graph 2. Development of LQ in the Real Estate Sector, 2019-2023

The graph illustrates a gradual increase in the LQ value of the real estate sector from 2.44 in 2019 to a peak of 2.66 in 2022, followed by a slight decline to 2.58 in 2023. Despite the decline, the LQ values above one indicate that the real estate sector still demonstrates relative specialization, although its growth shows signs of fluctuation.



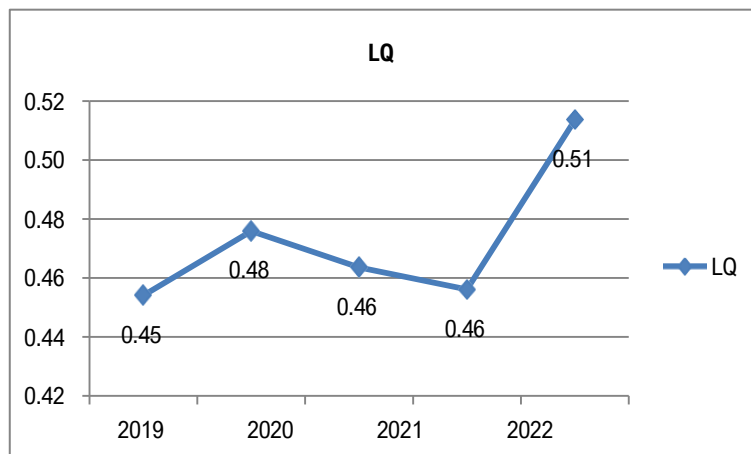
Graph 3. Development of LQ in the Wholesale and Retail Trade Sector, 2019-2023

This graph depicts fluctuations in the LQ of the wholesale and retail trade sector during the period of analysis. The LQ rose from 0.59 in 2019 to 0.66 in 2020, declined to 0.62 in 2022, and increased again to 0.66 in 2023. LQ values consistently below one indicate that this sector remains a non-leading sector, primarily serving local demand rather than generating surplus for external markets.



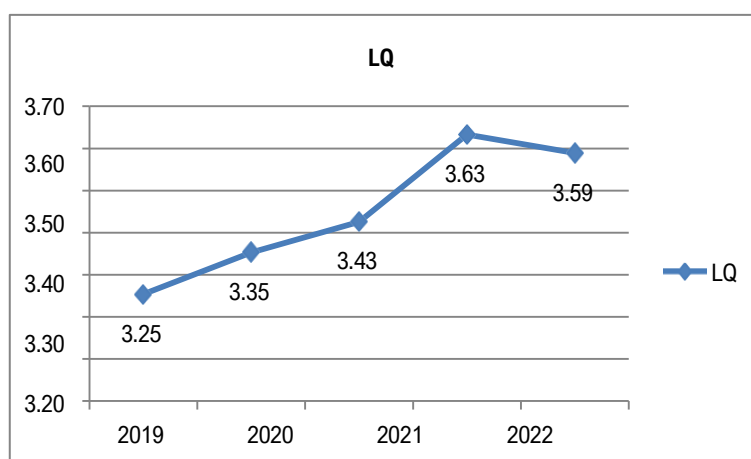
Graph 4. Development of LQ in the Transportation and Warehousing Sector, 2019-2023

This graph shows that LQ of the transportation and warehousing sector increased sharply from 11.4 in 2019 to a peak of 14.5 in 2020, indicating strong sectoral specialization. After 2020, the LQ gradually declined to 14.2 in 2021, 12.6 in 2022, and 12.4 in 2023. Despite this downward trend, the LQ values remain far above one, confirming that this sector continues to be a leading sector with a strong role in supporting regional and interregional economic activities.



Graph 5. Development of LQ in the Corporate Services Sector, 2019-2023

The graph illustrates noticeable fluctuations in LQ of the corporate services sector during the observation period. The LQ rose from 0.45 in 2019 to 0.48 in 2020, indicating a slight improvement in sectoral performance. However, it declined to 0.46 in 2021 and remained unchanged in 2022, suggesting limited growth and stagnation. In 2023, the LQ increased to 0.51, reflecting a modest recovery. Despite this improvement, the LQ consistently remains below one, confirming that the corporate services sector has not yet achieved specialization and continues to function mainly to fulfill local economic demand rather than generating surplus for external markets.



Graph 6. Development of LQ in the Government Administration, Defense and Mandatory Social Security Sectors, 2019-2023

This graph indicates a generally upward trend in the LQ of the government administration, defense, and mandatory social security sectors. The LQ increased from 3.25 in 2019 to 3.35 in 2020 and 3.43 in 2021, reaching a peak of 3.63 in 2022 before slightly decreasing to 3.59 in 2023. LQ values consistently above one demonstrate that this sector is a leading sector and plays a significant role in the economic structure and stability of Bone Regency.

Discussion

Agriculture, Forestry, and Fisheries Sector

This category includes all types of activities that derive from nature and consist of biological (living) resources whose outputs can be consumed for self-sustenance or commercialized, including subsistence farming aimed primarily at meeting household needs. The Agriculture, Forestry, and Fisheries sector in Bone Regency plays a very important role in the regional economy, as sectors based on natural resources are commonly identified as foundational drivers of regional output and employment in developing regions (Saragih & Hidayat, 2022). This role is evident from its substantial contribution to the Gross Regional Domestic Product (GRDP) of Bone Regency. Over the past five years, the sector has consistently contributed the largest share to GRDP, with an average contribution exceeding 46 percent. In 2019, its contribution was recorded at 46.61 percent, while in 2021–2022 it reached its peak at 47.12 percent and 47.05 percent, respectively. During the 2019–2023 period, the Agriculture, Forestry, and Fisheries sector consistently ranked first among all sectors in terms of GRDP contribution.

According to LQ development analysis over the same period, this sector demonstrates a stable and increasing trend. An average LQ value of 7.55 well above one indicates that the Agriculture, Forestry, and Fisheries sector is a leading or base sector. An LQ value greater than one signifies that a sector is capable of meeting local demand while generating surplus output for export to other regions, reflecting its competitive advantage and structural dominance in the regional economy (Putri et al., 2023). The high LQ value observed in Bone Regency is closely related to the dominance of agricultural activities in shaping the local economic structure. In terms of employment, the majority of Bone Regency's population works in agriculture, which aligns with the region's favorable natural conditions for farming and reinforces the role of agriculture as the economic base sector.

Real Estate

This category covers rental activities, agents and/or brokers involved in real estate sales and purchases, and the provision of other real estate services, either on one's own property or on behalf of others through contractual arrangements. It also includes building construction, maintenance, or leasing. Real estate refers to property consisting of land and buildings. According to Chart 1.2, the calculation results for the Real Estate sector show that the five-year average LQ value is less than one, at 0.63. This means that the Real Estate sector is not a leading sector, indicating it is currently unable to meet the needs of Bone Regency.

Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles

This category includes economic activities related to large- and small-scale buying and selling businesses, namely the resale of goods without further processing, as well as remuneration for services associated with the distribution of these products. Both wholesale and retail trade represent the final stages of the goods distribution process, and this category also encompasses motor vehicle and motorcycle repair services. The Wholesale and Retail Trade sector has provided the largest contribution to the Gross Regional Domestic Product (GRDP) of Bone Regency during the 2019–2023 period. Sectors engaged in trade and distribution are widely recognized as key drivers of regional economic growth due to their role in linking production and consumption activities across regions (Prasetyo & Kurniawan, 2021).

Over the past five years, the Wholesale and Retail Trade sector recorded an average LQ value of 13.06, although a declining trend was observed between 2021 and 2023. In 2022, the

LQ value decreased to 9.76, indicating slower growth compared to previous years. Nevertheless, as shown in Chart 1.3, the average LQ value of this sector consistently remained above one throughout the five-year period. An LQ value greater than one signifies that the Wholesale and Retail Trade sector functions as a leading or base sector, meaning it is capable of meeting local demand while generating surplus output that can be distributed to regions outside Bone Regency. This finding aligns with empirical studies that identify trade sectors with high LQ values as dominant contributors to regional economies and interregional trade flows (Wibowo et al., 2023).

Transportation and Warehousing

This category includes the provision of services for transporting passengers or goods, whether on a scheduled or non-scheduled basis, by rail, pipeline, road, sea, or air, as well as activities related to transportation. It covers: rail transport; land transport; sea transport; river, lake, and ferry transport; air transport; and storage and supporting services such as shipping, delivery, and courier services. Transport activities include the movement of people or goods from one place to another using powered or non-powered vehicles. Supporting transport services include activities that facilitate transportation, such as terminals, ports, storage, and other logistical support. The contribution from the Transportation and Warehousing sector showed fluctuating trends between 2019 and 2023. Its contribution in 2019 was 2.13 percent but dropped to 1.87 percent in 2020. By 2022, it rose again to 1.91 percent, and finally reached 2.05 percent in 2023. Based on Chart 1.9, the average LQ value of the Transportation and Warehousing sector is 5.36, which is above one. This indicates that it is a leading sector. The Transportation and Warehousing sector can meet the demands of Bone Regency without requiring imports from other regions. Over the past five years, the land transport subsector contributed the most, followed by the river, lake, and ferry transport, and sea transport subsectors.

Business Services

The business services category consists of two subcategories: M and N. 1). Category M includes professional, scientific, and technical activities that require intensive training and generate specialized expertise. These include legal and accounting services, architecture and civil engineering, R&D, advertising and market research, and other scientific and technical services. 2). Category N includes support activities for daily business operations such as rental and leasing (without purchase options), employment services, travel agencies and tour operators, reservation services, security and investigation, building and landscape maintenance, office administration, and other support services.

The contribution of the Business Services sector over the last five years ranged between 0.06 and 0.07 percent during the 2019-2023 period. Throughout this timeframe, the sector showed no significant development, indicating that Business Services still play a very limited role compared to other economic sectors in Bone Regency. Sectors with low output shares and weak intersectoral linkages generally reflect limited demand, low business density, and insufficient supporting economic ecosystems at the regional level (Kuncoro, 2020).

Based on the calculation results presented in Chart 1.5, the Business Services sector recorded an average LQ value of 0.47, which is below one. An LQ value lower than one indicates that the sector is non-basic or non-leading, meaning it is unable to meet local demand independently. Consequently, Bone Regency must rely on imports from other regions to cover approximately 0.53 of the unmet demand. This finding is consistent with regional economic

theory, which states that non-basic sectors with LQ values below one tend to depend on external regions for service provision and contribute minimally to regional economic growth (Sjafrizal, 2018).

Public Administration, Defense, and Compulsory Social Security

This category includes government-related activities that are generally carried out by the state, including the formulation, regulation, and interpretation of laws through judicial and legislative processes. These activities encompass the management of legal-based government programs, legislative functions, taxation, national defense, public security and safety, immigration, international relations, public administration, and compulsory social security. Activities classified under other KBLI categories are excluded, even when conducted by government institutions. For instance, school system management such as curriculum regulation, examinations, and administrative oversight is included in this category, whereas teaching activities fall under the Education sector (P), and hospitals operated by military or civil detention institutions are classified under Health Services (Q).

During the 2019-2023 period, the Public Administration, Defense, and Compulsory Social Security sector consistently contributed around 4 percent to the Gross Regional Domestic Product (GRDP) of Bone Regency, with contribution values of 4.28%, 4.27%, 4.22%, 4.21%, and 4.08%, respectively. Government-related sectors often play a stabilizing role in regional economies, particularly in regions where public expenditure and administrative functions form an important component of economic activity (OECD, 2020).

Based on LQ calculation shown in Chart 1.6, this sector experienced a steady increase over four consecutive years, with a slight decline observed only in 2023. The average LQ value of 3.45 well above one indicates that the Public Administration, Defense, and Compulsory Social Security sector is a leading or base sector in Bone Regency. An LQ value greater than one signifies that the sector is capable of fulfilling local demand independently and reflects its structural importance within the regional economy. This result is consistent with regional economic analysis, which identifies public administration sectors with high LQ values as dominant contributors to regional economic stability and service provision (Sjafrizal, 2018).

Conclusion

This study analyzes the leading economic sectors in Bone Regency during 2019–2023 using LQ approach. The results indicate a clear distinction between leading and non-leading sectors within the regional economy. The leading sectors include agriculture, forestry, and fisheries, with an average LQ of 7.55, demonstrating strong specialization and a dominant contribution to the regional economy. The wholesale and retail trade sector, including the repair of motor vehicles and motorcycles, shows the highest average LQ value of 13.06, highlighting its strategic role in supporting distribution and economic circulation.

Transportation and warehousing also emerge as a leading sector with an average LQ of 5.36, reflecting its importance in facilitating the movement of goods and services. In addition, public administration, defense, and compulsory social security, with an average LQ of 3.45, significantly contribute to economic stability and public service delivery in Bone Regency. In contrast, the real estate sector and the corporate services sector are classified as non-leading sectors, with average LQ values of 0.63 and 0.47, respectively, indicating that they mainly serve local demand and have limited competitiveness at the interregional level. These findings have important policy implications for regional development. The strong performance of the leading

sectors suggests that they should be prioritized in development planning through policies aimed at increasing productivity, improving infrastructure, strengthening value-added activities, and expanding market access.

The analysis relies solely on secondary GRDP data and applies only the LQ method, which measures relative specialization but does not capture productivity, technological progress, or intersectoral linkages in depth. In addition, the five-year observation period may not fully represent long-term structural changes. Future research should incorporate complementary analytical methods and longer time horizons to produce more comprehensive and robust policy recommendations.

Acknowledgment

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