

Analysis of Regional Economic Potential and Competitiveness in North Lombok Regency

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ABSTRACT

This study aims to analyze the economic potential, competitiveness, growth prospects, and formulate the implications of regional economic development policies in North Lombok Regency. The research method used is a quantitative descriptive-analytical method by utilizing secondary data of Gross Regional Domestic Product (GRDP) of North Lombok Regency and West Nusa Tenggara Province. The analysis techniques used include Location Quotient (LQ) to identify basic and non-basic sectors, Dynamic Location Quotient (DLQ) to see the potential for future sector growth, Shift Share (SS) to measure sectoral competitiveness, and Klassen Typology to group sectors based on economic contribution and growth. The results of the study indicate that the basic sectors in North Lombok Regency are dominated by the accommodation and food and beverage provision sector, agriculture, electricity and gas procurement, water supply and waste management, trade, construction, real estate, corporate services, government administration, education, and other services. Furthermore, the DLQ results show that most sectors have good growth prospects, especially the utilities sector, financial services, and other services. Meanwhile, the Shift Share analysis shows that the accommodation and food and beverage sector, financial services, and several other service sectors have positive competitiveness. Based on the Klassen Typology, the main leading sectors are in the advanced and rapidly growing quadrant, while several sectors, such as mining, transportation, information and communications, and healthcare, are still lagging behind. Therefore, regional development policies need to be directed at strengthening leading sectors, revitalizing potential sectors, and accelerating the development of underdeveloped sectors to create a balanced, competitive, and sustainable economic structure.

INTRODUCTION

Economic development is the process of increasing production capacity and transforming the economic structure of a region to achieve a better level of prosperity. Economic

development is not only related to increasing per capita income, but also includes strengthening the quality of human resources, institutional efficiency, and equal access to productive resources. Todaro & Smith (2020) describes economic development as a long-term effort to improve the standard of living through fundamental changes in the economic, social, and institutional systems. According to Chen & Huo (2022), economic development is also understood as " *high-quality economic development* " which does not only emphasize economic growth alone, but also includes improving quality aspects such as innovation, equity, environmental sustainability, openness, and social justice.

Regional autonomy policies grant greater authority to local governments to plan development, manage budgets, and utilize local potential. The central government positions region-based development as a strategy to reduce spatial inequality and improve the quality of national growth (Suriadi *et al.*, 2024). However, growth disparities between regions remain evident. Some regions are developing rapidly, while others are slower due to limited infrastructure, fiscal capacity, and weak economic structures (Wiryanawan & Otchia, 2022).

The regional economic development of West Nusa Tenggara Province (NTB) during the 2020-2024 period showed quite significant dynamics, reflected in the growth of Gross Regional Domestic Product (GRDP) at constant prices (ADHK) which tended to increase after the COVID-19 pandemic. The total GRDP of NTB increased from around Rp 255.17 trillion in 2020 become Rp 286.84 trillion in 2024 , reflecting the post-COVID-19 pandemic economic recovery and the diversification of economic sectors, particularly in the service sectors such as trade and transportation, which have grown significantly in the last five years.

Poverty in North Lombok Regency remains a complex challenge, particularly due to the aftermath of the 2018 earthquake. As a region that experienced damage to infrastructure and public facilities, as well as disruption to economic activity due to the earthquake, North Lombok faces a challenging recovery process, particularly in the tourism, trade, and micro-enterprise sectors that serve as the backbone of the local economy. This situation has been further exacerbated by the COVID-19 pandemic, which has restricted mobility, reduced tourist visits, and significantly reduced community incomes.

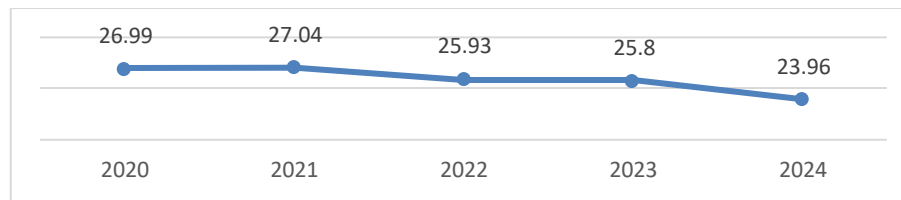


Figure 1. Percentage of Poor Population in North Lombok Regency 2020-2024

North Lombok Regency's poverty rate was recorded at 59.86 thousand people (26.99%) in 2020, increasing to 61.7 thousand people (27.04%) in 2021. Although the poverty rate remained relatively stagnant at high levels of 59.82 thousand people (25.93%) and 60.13 thousand people (25.8%) in 2022 and 2023, respectively, and began to decline to 56.43 thousand people (23.96%) in 2024, this percentage still indicates that nearly a quarter of North Lombok's population is poor.

rate of Gross Regional Domestic Product (GRDP) of North Lombok Regency at constant 2010 prices (ADHK) during the 2020–2024 period demonstrates the dynamics of post-pandemic economic recovery. In 2020, the economy contracted by -7.46 percent, reflecting the significant impact of the COVID-19 pandemic on regional economic activity. In 2021, growth returned to positive at 1.38 percent, signaling the beginning of economic recovery, although still relatively limited. Subsequently, in 2022, growth increased to 3.49 percent, indicating strengthening economic activity. Peak growth occurred in 2023 at 5.10 percent, reflecting a more stable phase of economic expansion. In 2024, the growth rate slowed slightly to 4.28 percent, but still indicated positive and sustainable regional economic performance. This growth pattern illustrates a gradual and ongoing process of economic recovery towards stable growth (Todaro & Smith, 2020).

The differences in the structure and achievements of GRDP between West Nusa Tenggara Province and North Lombok Regency underscore the importance of analyzing specific regional economic potential and competitiveness. While West Nusa Tenggara Province has the advantage of a broader economic scale and sector diversification, North Lombok Regency faces challenges in strengthening its leading sectors, increasing added value, and encouraging sustainable economic transformation. Therefore, a study comparing the dynamics of GRDP in West Nusa Tenggara and North Lombok Regency is relevant as a basis for formulating more adaptive, inclusive, and locally potential-based regional development policies, particularly in accelerating improvements in community welfare in North Lombok Regency.

One widely used approach to analyzing regional economic strength is the Economic Base Theory. This theory is based on the assumption that a region's economic growth is determined by economic activities that generate income from outside the region. These activities are called base sectors or leading sectors. The base sector is the main driver of the economy because it is able to create derived demand for other sectors within the region. Meanwhile, the non-base sector plays a role in serving the internal needs of the community and develops as a result of the growth of the base sector (McCann, 2013) . Thus, regional development planning based on identifying base sectors can help regions identify superior potential that can be prioritized to drive sustainable local economic growth and increase regional competitiveness (Riswan & Hasbiullah, 2015).

According to Salmah *et al.* (2024), the implementation of the smart economy concept can be a strategic basis for strengthening the local economy. A smart economy encompasses the utilization of digital transformation, the development of e- -commerce, and the implementation of the smart city concept, which collectively serve as tools to boost regional efficiency and productivity. This approach allows for increased local competitiveness by optimizing the potential of available digital technology and infrastructure, while simultaneously encouraging active community participation in economic activities.

This economic potential requires a more comprehensive analysis to identify sectors that truly possess competitive advantages and contribute significantly to regional development. Through a competitiveness analysis approach and economic basis theories such as *Location Quotient* (LQ), *DLQ*, *Shift Share* , and *Klassen Typology* , local governments can obtain more accurate information in determining future development priorities. Research on the competitiveness and economic potential of North Lombok Regency is crucial to support more targeted, effective, and sustainable development planning (Saragih *et al.*, 2024). Analysis of regional competitiveness and sectoral economic potential is crucial as a basis for formulating effective, efficient, and long-term development policies (Brodjonegoro & Martinez-Vazquez, 2014).

RESEARCH METHODS

This research is a descriptive-analytical quantitative study, using numerical data to describe regional economic conditions and systematically analyze phenomena. This approach

aims to numerically analyze the structure, potential, and competitiveness of the regional economy using quantitative data, specifically Gross Regional Domestic Product (GRDP) per sector. This research was conducted in North Lombok Regency, located in West Nusa Tenggara Province, Indonesia.

Data analysis tools

Location Quotient

Location Quotient (LQ) analysis is an analysis used to determine the extent of the level of specialization of economic sectors in a region that utilize basic or superior sectors (Adisasmita, 2018)

Mathematically, the *Location Quotient formula* is as follows.

$$LQ = \frac{Si}{S} : \frac{Ni}{N}$$

Information:

LQ: Location Quotient

Si: GRDP sector i in Regency/City

S: Total GRDP in Regency/City

Ni : GRDP of sector i in Province N : Total GRDP in Province

Adisasmita (2018), the results of LQ calculations, can be analyzed and concluded as follows:

- a. If $LQ > 1$, it is a basic sector
- b. If $LQ < 1$, it is a non-basic sector

Dynamic Location Quotient Analysis

The DLQ calculation is used to identify the growth potential of sectors within the economic structure of North Lombok Regency. If the DLQ result is > 1 , then the sector is prospective. If the DLQ result is < 1 , then the sector is not prospective. The DLQ calculation formula (Kuncoro, 2018) is:

$$DLQ_{ij} = \left(\frac{\frac{1 + g_{ij}}{1 + G_{ij}}}{\frac{1 + g_{ik}}{1 + G_{ik}}} \right)^t$$

Information:

DLQ_{ij} = DLQ value of sector i in the district

- g_{ij} = GRDP Growth Rate of Sector i in Regency
 G_{ij} = Average growth rate of GRDP sector i in Regency
 g_{iK} = GRDP Growth Rate of Sector i in Province
 G_{iK} = Average growth rate of GRDP sector i in Province
 t = Difference between the final year and the initial year

Shift Share Analysis

Shift Share Analysis is a technique aimed at identifying the main factors influencing and determining economic growth in a region (Sjafrizal, 2018). This analysis places greater emphasis on observing data on industrial mix and competitive advantage, arguing that both components are internal to the region. This aims to analyze the determination of a region's economic performance or productivity, structural shifts, the relative position of economic sectors, and the identification of potential economic sectors in a region, then comparing them with the reference region above it. This analysis provides data on economic performance in three interrelated or mutually influenced components, namely:

1. *National Share* of Economic Growth (NIJ)

This component serves to examine the structure of a region in relation to economic growth in the region it covers. It is measured by analyzing changes in aggregate employment by sector compared to changes in the same sector in the reference economy. The calculation of this component is formulated as follows.

$$N_{ij} = Y_{ij} (R_a)$$

Information:

Y_{ij} = GRDP base year sector i lower region

R_a = Ratio of total GRDP of the upper region

2. *Proportional Shift* (M_{ij}) or Growth

This component of regional economic growth is influenced by changes in final demand, raw material availability, and sectoral policies. This component measures relative changes, growth, or decline, in a region compared to a larger, benchmark economy. This measurement can reveal whether the regional economy is concentrated in industries that are growing faster than the benchmark economy. The calculation of this component is formulated as follows.

$$M_{ij} = Y_{ij} (R_i - R_a)$$

Information:

Y_{ij} = GRDP base year sector i region j (below)

R_i = ratio of sector i in the upper region R_a = ratio of total GRDP in the upper region

If $PP > 0$, then sector i in region j is growing rapidly.

If $PP < 0$, then sector i in region j is experiencing slow growth.

3. *Differential Shift (Cij) Growth*

This component measures the competitiveness of a sector in a region compared to the growth of the same sector in other regions. An example is comparing the competitiveness of sector i in one district with other districts within the same province. This growth occurs due to an increase or decrease in output in a region caused by comparative advantage, access to input and output markets, or economic infrastructure. The calculation of this component is formulated as follows.

$$C_{ij} = Y_{ij} (r_i - R_i)$$

Information:

Y_{ij} = GRDP base year sector i region j (below)

r_i = ratio of sector i in the lower region

R_i = ratio of sector i in the upper region

If $PPW > 0$, then sector i in region j has good competitiveness.

If $PPW < 0$, then sector i in region j does not have competitiveness.

Klassen Typology Analysis

The *Klassen Typology* analysis tool is used to obtain an overview of the growth patterns and structures of each regional economic sector. According to Klassen's theory, regions can be divided into four quadrants based on two main indicators: economic growth on the vertical axis and average per capita income on the horizontal axis (Sjafrizal, 1997), as seen in Table 1.

Table 1. Determination of sector categories or quadrants according to *the Klassen Typology*

	$sk_i > sk$	$sk_i < sk$
$s_i > s$	Quadrant I Developed and Fast-Growing Sector (<i>developed sector</i>)	Quadrant II Advanced but Depressed Sector (<i>stagnant sector</i>)
$s_i < s$	Quadrant III Developing Sector	Quadrant IV Relatively Underdeveloped Sector

Information:

s_i = Average growth rate of GRDP sector i in Regency

s = Average growth rate of GRDP sector i in Province

sk_i = Average contribution of sector i to GRDP in the Regency

i

sk = Average contribution of sector i to GRDP in Province

RESULTS AND DISCUSSION

Overview of North Lombok Regency

North Lombok Regency is a regency in West Nusa Tenggara Province, covering an area of approximately 809.53 km². It was formed under Law Number 26 of 2008 as a result of the division of West Lombok Regency. North Lombok Regency is divided into five sub-districts: Pemenang, Tanjung, Gangga, Kayangan, and Bayan.

Location Question Analysis Results

Table 2. Results of the calculation of *the location question* (LQ) index for North Lombok Regency 2020-2024

No	Business Field Sector	LQ	Information	Rank
(1)	(2)	(3)	(4)	(5)
1	Agriculture, Forestry, and Fisheries	1.61	Base	3
2	Mining and Quarrying	0.22	Non-Basic	17
3	Processing industry	0.34	Non-Basic	16
4	Electricity and Gas Procurement	1.53	Base	4
5	Water Supply, Waste Management, Waste and Recycling	1.67	Base	2
6	Construction	1.00	Base	11
7	Wholesale and Retail Trade; Automobile and Motorcycle Repair	1.03	Base	10

8	Transportation and Warehousing	0.84	Non-Basic	14
9	Provision of Accommodation and Food and Beverages	2.45	Base	1
10	Information and Communication	0.90	Non-Basic	12
11	Financial Services and Insurance	0.74	Non-Basic	15
12	Real Estate	1.31	Base	6
13	Corporate Services	1.31	Base	5
14	Government Administration, Defense and Compulsory Social Security	1.19	Base	8
15	Educational Services	1.28	Base	7
16	Health Services and Social Activities	0.89	Non-Basic	13
17	Other services	1.05	Base	9

Source: BPS North Lombok Regency, processed.

the *Location Quotient (LQ)* calculation results above, the sector with the highest LQ value is the provision of accommodation and food and beverage (2.45), which indicates that the economic structure of North Lombok Regency is highly concentrated in tourism activities. This condition is in line with the characteristics of the region known as a prime destination area, especially the Gili Tramen area which is a center of domestic and international tourist visits. The high activity of hotels, restaurants, homestays, and other tourism service businesses causes the contribution of this sector to be much greater than the provincial average. In addition, the water supply, waste management, waste and recycling sectors (1.67) and electricity and gas supply (1.53) are also classified as basic, indicating a high need for basic infrastructure to support tourism activities and population growth.

The agriculture, forestry, and fisheries sector (1.61) is also a basic sector, indicating that in addition to relying on tourism, the regional economy is still supported by the primary sector. Rural areas in North Lombok Regency still rely on food crop farming, plantations, and capture fisheries for their livelihoods. The real estate sector (1.31) and business services (1.31) also form a basis, reflecting the growth of property investment, the construction of villas, resorts, and housing supporting tourism activities. Similarly, the education services sector (1.28) and government administration, defense, and compulsory social security (1.19) show relatively high concentrations, in line with the need for public services and improving the quality of human resources in the autonomous region. The wholesale and retail trade sector (1.03) and construction (1.00) are in a relatively balanced position, indicating that trade activities and infrastructure development are developing in line with the dynamics of tourism and local economic growth.

Several sectors are classified as non-basic because the LQ value is less than one, including the mining and quarrying sector (0.22) which has the lowest value, which indicates that North

Lombok Regency does not have large-scale mining activities like some other regencies in West Nusa Tenggara. The processing industry (0.34) is also classified as non-basic, which indicates that manufacturing activities are still limited to a small scale and have not yet developed into a large-scale processing industry. The transportation and warehousing sector (0.84) has not become a leading sector because regional distribution functions are more concentrated in other areas that have more complete logistics infrastructure. The information and communication sector (0.90), financial services and insurance (0.74), and health services and social activities (0.89) are also classified as non-basic, which reflects that modern services and finance are still relatively limited and most activities are still concentrated in more developed cities.

Dynamic Location Quotient (DLQ) Analysis Results

Table 3. Results of *the dynamic location question* (DLQ) calculation for North Lombok Regency 2020-2024

No	Business Sector	DLQ	Information
(1)	(2)	(3)	(4)
1	Agriculture, Forestry, and Fisheries	17.3 2	Competitive and Prospective
2	Mining and Quarrying	0.00	Doesn't Have a Competitive Advantage and is Not Prospective
3	Processing industry	8.81	Competitive and Prospective
4	Electricity and Gas Procurement	18.0 1	Competitive and Prospective
5	Water Supply, Waste Management, Waste and Recycling	113. 45	Competitive and Prospective
6	Construction	3.94	Competitive and Prospective
7	Wholesale and Retail Trade; Automobile and Motorcycle Repair	7.36	Competitive and Prospective
8	Transportation and Warehousing	-0.11	Doesn't Have a Competitive Advantage and is Not Prospective
9	Provision of Accommodation and Food and Beverages	6.51	Competitive and Prospective
10	Information and Communication	4.35	Competitive and Prospective
11	Financial Services and Insurance	11.4 0	Competitive and Prospective
12	Real Estate	1.39	Competitive and Prospective
13	Corporate Services	6.34	Competitive and Prospective
14	Government Administration, Defense and Compulsory Social Security	11.4 4	Competitive and Prospective
15	Educational Services	7.59	Competitive and Prospective
16	Health Services and Social Activities	2.84	Competitive and Prospective
17	Other services	23.3 7	Competitive and Prospective

Source: BPS North Lombok Regency, processed .

The results of *the Dynamic Location Quotient (DLQ)* calculation for North Lombok Regency for 2020–2024 show that the agriculture, forestry, and fisheries sector has a DLQ

value of 17.32, indicating that this sector is growing relatively faster than the provincial average. This indicates an increase in productivity or expansion of agricultural and fisheries activities, either due to improving commodity prices, increasing planted area, or support from government programs. The manufacturing industry sector (8.81) also shows good dynamic performance, although in the static LQ analysis this sector is classified as non-basic. This means that structurally, its contribution is not yet dominant, but its growth is relatively faster, so it has the potential to become a leading sector in the future.

The electricity and gas procurement sector (18.01) and water procurement, waste management, and recycling (113.45) showed very high DLQ values. This condition indicates a significant increase in the provision of basic infrastructure, influenced by the development of tourism areas and the growth of residential properties. This surge in the utilities sector reflects the increasing need for basic services as regional economic activity grows. The construction (3.94) and real estate (1.39) sectors are also considered competitive, reinforcing the indication that physical development and property investment are experiencing relatively rapid growth compared to the province.

The accommodation and food and beverage sector (6.51) continues to demonstrate strong, dynamic performance, in line with the characteristics of North Lombok Regency as a tourist destination. This sector's growth reflects the recovery and expansion of tourism activity during the observation period. Similarly, the wholesale and retail trade (7.36), information and communication (4.35), business services (6.34), financial and insurance services (11.40), government administration (11.44), education services (7.59), health services (2.84), and other services (23.37) sectors showed relatively faster growth than the provincial average, thus offering good development prospects in the medium term.

In contrast, the mining and quarrying sector has a DLQ of 0.00, indicating that it has not experienced relative growth and lacks a competitive advantage. This is consistent with the region's structural condition, which lacks large-scale mining activity. The transportation and warehousing sector even has a negative DLQ (-0.11), indicating its growth rate is lower than that of the province. This could be due to limited logistics infrastructure or a shift in distribution activities to more strategic areas.

Shift Share Analysis Results

Table 4. Results of *shift share* (SS) calculations for North Lombok Regency in 2020-2024

No	Business Field Sector	National Share/Nij	Proportional Shift/Mij	Different Shift/Cij	Total Performance/Dij
1	Agriculture, Forestry, and Fisheries	205.21	14.59	-6.70	213.10
2	Mining and Quarrying	23.05	5.19	-17.39	10.85
3	Processing industry	8.66	0.97	-0.37	9.26
4	Electricity and Gas Procurement	0.85	0.30	0.18	1.33
5	Water Supply, Waste Management, Waste and Recycling	0.70	0.05	0.43	1.18
6	Construction	52.85	11.60	-0.26	64.19
7	Wholesale and Retail Trade; Automobile and Motorcycle Repair	78.92	16.47	-8.06	87.34
8	Transportation and Warehousing	23.42	8.09	-12.85	18.66
9	Provision of Accommodation and Food and Beverages	15.33	7.55	19.85	42.74
10	Information and Communication	14.15	2.61	-0.32	16.44
11	Financial Services and Insurance	15.28	1.45	10.95	27.68
12	Real Estate	22.90	3.37	-1.66	24.61
13	Corporate Services	1.29	0.30	0.07	1.65
14	Government Administration, Defense and Compulsory Social Security	34.92	4.02	0.42	39.37
15	Educational Services	34.85	4.89	-4.60	35.13
16	Health Services and Social Activities	11.09	2.71	-4.62	9.19
17	Other services	12.75	3.24	1.57	17.55
	GRDP	Rp556.22	Rp87.39	-Rp23.35	Rp620.27

Source: BPS North Lombok Regency, processed .

Based on the results of the *Shift Share calculation* , the growth of North Lombok Regency's GRDP during the 2020–2024 period of IDR 620.27 billion is the accumulation of three main components, namely *National Share* (Nij) of Rp556.22 billion, *Proportional Shift* (Mij) of Rp87.39 billion, and *Different Shift* (Cij) of Rp-23.35 billion. The dominance of the National Share component indicates that regional economic growth in general is still heavily influenced by the dynamics of economic growth in NTB Province. In other words, the increase in GRDP in North Lombok Regency is more due to the effects of regional economic growth than by the region's internal competitive advantage.

National Share (NIJ) component is found in the Agriculture, Forestry, and Fisheries sector, amounting to IDR 205.21 billion. This reflects the fact that the economic structure of North Lombok Regency remains agrarian-based, with the majority of the population working in the agriculture and fisheries sectors. In fact, this region has quite extensive agricultural land,

as well as capture fisheries and aquaculture activities that support community income. When the agricultural sector at the provincial level experiences growth, this sector automatically makes a significant contribution to regional growth. However, the high NIJ value does not necessarily reflect local competitive advantage, but rather merely the effect of general growth trends.

The Wholesale and Retail Trade sector also showed a high National Share (Rp78.92 billion), reflecting its importance to the regional economic structure. Trade activity in North Lombok Regency is heavily influenced by household consumption and tourism. However, its dependence on external dynamics, such as the number of tourist visits, means that growth in this sector still follows the provincial pattern.

Proportional Shift (Mij) component had a positive value of Rp87.39 billion. This indicates that structurally, there are sectors that are growing faster than the provincial economic structure. The Trade and Construction sectors have relatively high Mij values, indicating that both sectors are included in the progressive sector group at the provincial level. The Accommodation and Food and Beverage Provision sector also has a significantly positive Mij value. This is in line with the fact that North Lombok Regency is a leading tourist area, particularly in the Gili Trawangan, Gili Air, and Gili Meno areas. The recovery of the tourism sector after the COVID-19 pandemic has had a direct impact on the growth of this sector, both through increased occupancy of hotels, restaurants, and other tourism support services.

However, the aggregate *Different Shift (Cij)* component was negative at -23.35 billion Rupiah. This value indicates that the overall competitiveness of sectors in North Lombok Regency remains relatively lower than that of similar sectors at the provincial level. This means that sector growth in this region tends to be slower than that of similar sectors in other regencies/cities in NTB.

However, several sectors have positive Cij values, indicating local competitive advantages. The Accommodation and Food and Beverage Provision sector has the highest Cij value (Rp19.85 billion). This indicates that this sector is growing faster than similar sectors in the province, thus exhibiting strong relative competitiveness. This advantage is supported by the geographic characteristics and the attractiveness of marine tourism, which are the economic identity of North Lombok Regency.

The Financial Services and Insurance sector also showed a positive Cij value (Rp10.95 billion), reflecting increased modern economic activity, the growth of MSMEs, and increased public access to financial institutions. This indicates a gradual economic transformation toward a more productive services sector.

The Mining and Quarrying sector has a very negative Cij value (-Rp17.39 billion), indicating its weak competitiveness compared to other regencies in West Nusa Tenggara (NTB). In fact, North Lombok Regency does not have large mining reserves like other regencies in NTB, making this sector not a basic sector. Similarly, the Transportation and Warehousing and Health Services sectors show negative Cij values, indicating limited infrastructure and a relatively small economic scale.

Results of Klassen Typology Analysis



Figure 2. Grouping of basic sectors in the *Klassen typology quadrants*

Quadrant 1 (Advanced and Fast-Growing Sectors)

This quadrant reflects sectors with high growth rates and significant contributions to the regional economy. Sectors such as electricity and gas procurement, water and waste management, accommodation and food and beverage, business services, and government administration have demonstrated strong performance and continued growth. This quadrant can be interpreted as *leading sectors*, or the main drivers of the regional economy, which need to be maintained and strengthened through strategic policies, sustainable investment, and increased efficiency. The primary focus is on maintaining stable growth while encouraging innovation to ensure these sectors remain competitive in the future.

Quadrant 2 (Advanced but Depressed Sectors)

This quadrant contains sectors that make a significant contribution to the economy, but whose growth rates are starting to slow. Sectors such as agriculture, construction, trade, real estate, and educational services fall into this category. This quadrant can be described as well-established sectors that require revitalization to prevent stagnation. Necessary policies include technological modernization, increased productivity, and business model innovation to restore optimal growth to these sectors. This quadrant is important because, despite slowing growth, they still play a significant role in absorbing labor and supporting the regional economy.

Quadrant 3 (Potential Growing Sectors)

This quadrant depicts sectors with relatively high growth rates but still small contributions to the economy, namely the financial services and insurance sector. This sector can be considered *an emerging sector* with significant potential for future growth. Possible strategies include encouraging expansion, broadening market access, and increasing literacy and inclusion in the sector.

Quadrant 4 (Relatively Underdeveloped Sectors)

This quadrant comprises sectors with relatively low contributions and growth, such as mining, manufacturing, transportation, information and communication, and healthcare. This quadrant can be analyzed as a sector requiring special attention because it has not yet achieved optimal development. This could be due to limited infrastructure, low investment, or a lack of competitiveness. Appropriate policies include fostering, improving human resource quality, and improving supporting infrastructure to enable this sector to grow and contribute more significantly to the regional economy.

Implications of Government Policy

Based on the results of the sectoral analysis, the North Lombok Regency Government needs to implement economic development policies based on sectoral role differentiation, namely strengthening leading sectors, revitalizing depressed potential sectors, and accelerating lagging sectors. Sectors included in the absolute leading category, such as electricity and gas procurement; water procurement; waste and sewage management; accommodation and food and beverage provision; business services; government administration; and other services, need to be prioritized in regional development planning. Possible policies include increasing investment in basic infrastructure, strengthening the quality of public services, and creating a

conducive business climate to encourage the expansion of these sectors. Specifically, the accommodation and food and beverage sector, which is closely related to tourism, needs to be supported through destination development, sustainable tourism promotion, and capacity building of local business actors.

Developed but under pressure sectors such as agriculture, construction, trade, real estate, and educational services require revitalization policies to increase their competitiveness. Local governments need to encourage the modernization of the agricultural sector through the application of technology, increased access to financing, and strengthening supply chains and market access. In the trade and construction sectors, accelerated infrastructure development, strengthened inter-regional connectivity, and increased purchasing power are needed. Furthermore, the education sector needs to be directed towards producing human resources suited to the needs of the local job market, particularly to support the tourism and service sectors.

Sectors that are considered rapidly growing but have not yet become a core sector, such as financial services and insurance, require accelerating policies to become leading sectors in the future. Local governments can expand financial inclusion by strengthening microfinance institutions, digitizing financial services, and improving public financial literacy. These efforts are crucial to support financing for productive sectors, particularly MSMEs, which are the backbone of the regional economy.

Furthermore, relatively underdeveloped sectors such as mining and quarrying, transportation and warehousing, information and communication, and healthcare require attention through affirmative action policies. Local governments need to increase investment in transportation and digital infrastructure to address isolated regions and streamline the distribution of goods and services. Furthermore, improving the quality of healthcare services and equitable distribution of healthcare facilities are crucial to support workforce productivity. Developing the information and communication sector is also crucial in the digital era to increase economic efficiency and open up new business opportunities. Therefore, the implications of economic development policy in North Lombok Regency must be directed toward an integrated strategy, namely strengthening leading sectors as the main drivers of growth, encouraging the transformation of potential sectors, and accelerating the development

of underdeveloped sectors. This approach is expected to create a more balanced, inclusive, and sustainable regional economic structure, as well as increase North Lombok Regency's competitiveness at the regional and national levels.

CONCLUSION AND SUGGESTIONS

Conclusion

Based on the results of the integration of *the Location Quotient (LQ)*, *Dynamic Location Quotient (DLQ)*, *Shift Share*, and *Klassen Typology analyses*, it can be concluded that several sectors possess comprehensive economic advantages within the regional economic structure. These sectors simultaneously fulfill the criteria as basic sectors ($LQ > 1$), have good growth prospects ($DLQ > 1$), demonstrate positive competitiveness (positive *shift share*), and are in quadrant I of *the Klassen Typology*, reflecting advanced and rapidly growing sectors. Therefore, these sectors can be categorized as absolute leading sectors that play a strategic role as the main drivers of regional economic growth, including the accommodation and food and beverage provision sector; electricity and gas provision; water provision, waste management, waste and recycling; corporate services; government administration, defense and mandatory social security; and other services. These findings indicate that the regional economic structure is no longer solely based on traditional sectors, but has shifted towards strengthening the basic service and infrastructure sectors that have strategic value in supporting economic activities. In particular, the accommodation and food and beverage provision sector shows a dominant role, reflecting the strong contribution of the tourism sector to the regional economy. Therefore, these leading sectors need to be placed as a priority in the formulation of regional economic development policies through strengthening investment, improving infrastructure quality, developing human resources, and service innovation in order to create an optimal multiplier effect on other economic sectors.

Suggestion

1. The North Lombok Regency Government is advised to prioritize strengthening leading sectors with comparative and competitive advantages, particularly the accommodation and food and beverage sector, as well as the basic services and infrastructure sector. It is also recommended to revitalize underdeveloped basic sectors such as agriculture, trade, and construction by increasing productivity, utilizing technology, and strengthening market

access. Furthermore, developing potential sectors such as financial services and accelerating the development of underdeveloped sectors through improvements in infrastructure, connectivity, and the quality of public services are also necessary to achieve a more balanced and sustainable economic structure.

2. For further research, it is recommended to develop a more comprehensive study by adding other analysis methods such as input-output, spatial analysis, or regional competitiveness index, as well as using longer data.

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