# THE INFLUENCE OF LEADING SECTORS ON POVERTY ALLEVIATION TOWARDS INCLUSIVE DEVELOPMENT IN LOMBOK TENGAH DISTRICT

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**Abstract**:
Poverty in Central Lombok Regency in 2020 was recorded at 13.44 percent. When compared with districts/cities in West Nusa Tenggara Province, the percentage of poor people in Central Lombok Regency is in the fifth lowest position from the first position of North Lombok Regency 26.99 percent, East Lombok Regency 15.24 percent, Bima Regency 14.49 percent and West Lombok Regency 14.28 percent. Leading sectors are expected to be able to overcome economic development problems such as poverty levels, because poverty is a major aspect in the success of economic development. Knowing the leading sectors can influence the rate of growth of the Gross Regional Domestic Product of Central Lombok Regency, it can assist the government in managing policies in terms of economy and regional development so that the poverty rate in Central Lombok Regency can be reduced. This research is a quantitative study with the type of data used in this study being secondary data obtained from the Central Statistics Agency of Central Lombok Regency and the Central Statistics Agency of West Nusa Tenggara Province. The independent variable of this research is the growth of the leading sectors in Central Lombok Regency and the dependent variable in this research is the poverty level of Central Lombok Regency.

**Keywords:** *Leading Sector, Poverty Level, Inclusive Development*

## 1. INTRODUCTION

Economic development is an effort to increase the productivity of the utilisation of potential resources owned by a region or a country. Development should be viewed as a multidimensional process that involves fundamental changes in social structures, people's attitudes, and national institutions, as well as accelerated growth, reduced inequality, and especially poverty reduction.

Poverty is one of the development problems faced by almost all countries, both relative and absolute poverty. This poverty problem is most prevalent in developing countries, because of their unstable development conditions. Indonesia as a developing country recorded that the number of poor people in September 2020 reached 27.55 million. Compared to September 2019, the number of poor people was 24.79 million with a percentage of poor people in September 2020 of 10.19 percent, an increase of 0.97 points against September 2019 (BPS, 2021).

Based on the area of residence, in the March 2020-September 2020 period, the number of urban poor increased by 876.5 thousand people, while in rural areas it increased by 249.1

thousand people. The percentage of poverty in urban areas rose from 7.38 percent to 7.88 percent. Meanwhile, it rose from 12.82 percent in rural areas to 13.20 percent (BPS, 2021).

To improve the welfare of the Indonesian people, the government continues to make improvements, one of which is in the economic sector. By carrying out several policies to build an advanced economy. However, the central government cannot carry out this development without the role of local governments. By understanding the condition of its people, the government must really understand what problems are happening and need to be addressed (Huda, 21).

In developing the region, good planning is needed. There are two approaches to regional planning: sectoral planning and regional planning. The sectoral approach is to focus attention on the sectors of activity that exist in the region. This approach categorises economic activities into diverse sectors that are considered uniform. The regional approach looks at the utilisation of space and the interaction of various activities within the spatial location of the region. By filling in various economic activities that will form sectoral patterns in such a way as to produce the best development alternatives in the region (Jajang, 2021).

Regional economic growth is basically influenced by the productive leading economic sectors of a region, regional specialisation, and the economic potential of the region. Therefore, the utilisation and development of all economic potential is a top priority that must be explored and developed in implementing sustainable regional economic development (Sjafrizal: 2014).

Regional development that is running in Central Lombok Regency shows positive developments. With a series of efforts and policies aimed at improving people's lives, expanding employment, equalising community income distribution, improving regional economic relations and through shifting economic activities from the primary sector to the secondary and tertiary sectors (Winda & Anis: 2021).

In terms of growth, the Central Lombok economy contracted by 6.68 per cent in 2020. This is the impact of the COVID-19 pandemic. The COVID-19 pandemic has caused many businesses to stagnate and even be forced to close because they are unable to pay operational costs that are greater than income. Restrictions on community activities affect related economic activities.

During 2020, the percentage of poor people in Central Lombok Regency was recorded at 13.44 per cent. When compared to districts/cities in West Nusa Tenggara Province, the percentage of poor people in Central Lombok Regency is in the fifth lowest position from the first position of North Lombok Regency 26.99 per cent, East Lombok Regency 15.24 per cent, Bima Regency 14.49 per cent and West Lombok Regency 14.28 per cent (BPS: 2020).

In addition to high economic growth, a strong economic structure is also needed to improve the economy in Central Lombok Regency. A strong economic structure is reflected in the increasing contribution of the secondary and tertiary sectors in the formation of GRDP so that there is an increase in per capita income.

The GRDP of Central Lombok Regency in 2020 is 16.67 trillion rupiah. This figure decreased by 1.18 trillion rupiah compared to the previous year. The structure of the Central Lombok economy in 2020 has changed as a result of the Covid-19 pandemic. The Agriculture category still dominates the Central Lombok economy in 2020, which is 27.05 per cent. Then followed by the Construction category which played a role of 15.38 per cent and Trade of 12.14 per cent. The Transport and Warehousing category before the Covid-19 pandemic had the second largest role. However, after the Covid-19 pandemic, it is in the fourth position at 9.67 per cent. This is because restrictions on community mobility greatly affect the activities of this category. Meanwhile, other categories only contributed under 7 per cent (Winda&Anis: 2021).

However, fluctuations in these four sectors also often drag economic growth into contraction. Often the economic growth of Central Lombok district does not reflect the performance of other business fields. The main challenge for the Central Lombok economy is how to boost the performance of other business fields so that they can add both from the agricultural, trade and construction business fields and others (Kemenkeu: 2021).

So in increasing economic growth in the Central Lombok region, the local government must know its potential and empower its various resources as a basis for developing the region, especially paying attention to the economic conditions of the community, potential and natural resources, human resources and infrastructure and focusing on potential areas as leading sectors for growing GRDP (Gross Regional Domestic Product) to produce inclusive growth.

Inclusive growth can be said to be a measure of whether a region's growth is quality. Economic growth is inclusive if it reduces poverty, reduces inequality in income distribution, and absorbs more labor (Diyah: 2013).

By knowing the leading sector can influence the GRDP growth rate of Central Lombok Regency, it can help the government manage policies in terms of the economy and regional development so that the poverty rate in Central Lombok Regency can be reduced.

This is the background for the author to research how the leading sector influences poverty alleviation toward inclusive development in Central Lombok Regency. Based on the background description above, to focus the study and research, several problem formulations were formulated including:

1.   Which sectors are the leading sectors in Central Lombok Regency?

2. Does the leading sector affect poverty alleviation towards inclusive development in Central Lombok Regency?.

## 2. METHODOLOGY

The methods used in this study include the type of research the author uses quantitative research, namely experimental and survey research methods. The approach used in this research is descriptive. Descriptive research is relevant theories that can be used to explain the variables to be studied. Meanwhile, data collection uses population and sample techniques. Population is all the values of the results of calculations, and measurements, both quantitative and qualitative on certain characteristics regarding a complete and clear group of objects. In other words, a set of objects or research subjects (Abdullah: 2014).

The reason for choosing the sample in this study is because the data available from BPS for economic sectors consisting of seventeen sectors by business field in 2021 starting from 2015 and until 2020 the data is available at BPS. What is used as a sample is the GRDP of Central Lombok Regency in 2015-2020 and the economic growth of Central Lombok Regency in 2015-2020.

This research has two variables. The first variable is the dependent variable, namely economic growth. The second variable is the independent variable (free), namely the leading and non-leading sectors. Meanwhile, the research design is a strategy for organizing research so that researchers obtain valid data following the characteristics of the variables and research objectives.

Research instruments are tools used in collecting data. The tools consist of research material documents, observation guidelines, and population data.

The types of data sources used are. Primary data sources and secondary data sources. numbers or in the form of numbers. The data collection techniques used in this study: Documentation and observation.

Data analysis in this study using *Location Quotient* (*LQ*) is an indirect approach used to measure the superior performance of a region's economy. This means that this analysis is used to test economic sectors that are included in the category of leading sectors. *LQ* (*Location Quotient*) is used to measure the concentration of an economic sector in a region by comparing its role in the economy of a region with the role of similar economic sectors in the regional or national economy (Lincoln: 2009).

## 3. RESULT AND DISCUSSION

### a. Regional leading sector of Central Lombok Regency

From the results of calculating the Location *Quotient of* Central Lombok Regency in 2016-2020, the average LQ index number for each economic sector is known that 10 (ten) economic sectors are included in the leading sectors with an LQ value> 1, namely: 1) Agriculture, Forestry, and Fisheries Sector, 2) Processing Industry Sector, 3) Water Supply, Waste Management, Waste and Recycling Sector, 4) Construction Sector, 5) Transportation and Warehousing Sector, 6) Real Estate Sector, 7) Government Administration, Defence and Compulsory Social Security Sector, 8) Education Services Sector, 9) Health and Social Services Sector, 10) Other Services Sector. These ten basic sectors can export goods and services or labor to places outside the economic boundaries of Central Lombok Regency.

The processing industry sector has an LQ value of 1.271. Various processing industry products owned by Central Lombok Regency such as woven fabrics, handicraft products and regional specialties are important commodities that are often purchased by tourists. The accommodation and food and beverage sector only has an LQ value of 0.633. The LQ figure shows that the sector has not become a base sector in Central Lombok Regency. The progress of tourism activities requires the availability of hotels and restaurants. Therefore, investment opportunities in the sector are still wide open.

### b. The Effect of Leading Sectors on Poverty Alleviation

Overall (simultaneously), the independent variable of the leading sector has a significant effect on the dependent variable of poverty rate (Y).

Y= (13.724-0.011X1+0.439)
T.sig= (0.060;0.02)
F.sig= 0.003

Based on the equation model above, it can be explained as follows:

1) The coefficient of the Transportation and Warehousing sector (X1) is -0.011, which means that the independent variable Transportation and warehousing has a negative influence. If the Transportation and Warehousing variable increases by 1 unit, the poverty rate in Central Lombok Regency will decrease by 0.011 units, and vice versa, assuming that the independent variables of water supply, waste treatment, and recycling (X2) are considered constant. The independent variable of the transport and storage sector (X1) has a significant effect (0.060> 0.05).

2) The coefficient of the water supply, waste management, and recycling sector (X2) is 0.439, which means that the independent variable of construction has a positive influence. If the trade variable increases by 1 unit, the poverty rate in Medan City will increase by 0.439 units, and vice versa, assuming that the independent variable Transportation and warehousing (X1)

is considered constant. The independent variable of water supply, waste management, and recycling sector (X2) has a significant effect (0.02 < 0.05).

## c. The Role of the Leading Sector in Poverty Alleviation towards Inclusive Development in Central Lombok Regency

Based on the results of research with some secondary data, field observations and the results of quantitative research analysis in the discussion above, the sectors that are leading sectors and contribute to poverty alleviation in Central Lombok, but there are two dominant and developing sectors so that the local government of Central Lombok Regency needs to manage so that this sector can have a positive impact on economic growth and inclusive development in Central Lombok Regency.

1) Transport and Warehousing Sector.

The transport and storage sector, which is a basic sector in Central Lombok Regency, is experiencing rapid growth. Observations in the field show that the transport and storage sector will have a significant role in poverty alleviation in West Nusa Tenggara Province, especially in Central Lombok Regency in the future. First, the role in accelerating the economic growth of Central Lombok Regency through increasing the added value of the transport and storage sector from year to year. Second, the role of a hacker of isolation or most popularly known as a "*prime mover*". West Nusa Tenggara Province is designated as the "Second Tourism Destination in Indonesia". Third, the problem of poverty in Central Lombok in particular and in Nusa Tenggara Province in general concerns employment. The number of workers is quite large and the available jobs are very limited or not comparable. Fourth, the role of the transport sector is to increase the income of the community, including entrepreneurs/transport business managers. Fifth, the Integration of Provincial Government and Regency / City Government Policies in Tourism Development.". Sixth, the role as a supplier of tourists in NTB, especially Central Lombok Regency. The attitude of the government and the people of Central Lombok Regency is very welcome to tourism.

2) Water Supply, Waste Management, Waste and Recycling Industry

The Water Supply, Waste Management, Waste and Recycling sector developed as an after-effect of the growing tourism sector supported by the agriculture sector and the transport sector with road infrastructure improvements showing significant improvements in quality and quantity. As an activity generation sector, the tourism sector functions as a market sector or marketing door for processing products. The attention of the NTB Provincial Government and the Central Lombok Regency Government by designing its flagship programs/activities. These activities can create employment opportunities for labor so that they have an impact on poverty alleviation. Regarding the development of tourism activities, two sectors are closely related to tourism activities, namely the transport and warehousing sector and the provision of accommodation and eating and drinking. Both sectors are potential sectors and still need to be improved in the future. The presence of the Mandalika Special Economic Zone, which has the potential to become the new epicenter of tourism on Lombok Island, is expected to encourage the progress of these two leading sectors.

## 4. CONCLUSION

### a. Conclusion

Based on the results of research on the analysis of leading sectors and their influence on poverty levels in Central Lombok Regency, several conclusions can be drawn, namely:

1. Based on the above analysis tools, namely *Shift Share* and *Location Quotient* (LQ) analysis, the economic sectors that are the leading sectors in Central Lombok Regency are: (1) Agriculture, Forestry and Fisheries Sector; (2) Manufacturing Industry Sector; (3) Water Supply, Waste Management, Waste and Recycling Sector; (4) Construction Sector; (5) Transportation and Warehousing Sector; (6) Real Estate Sector; (7) Government Administration, Defence and Compulsory Social Security Sector; (8) Education Services Sector; (9) Health Services and Social Activities Sector; (10) Other Services Sector. The transport and warehousing sector is the most dominant sector from the *Loqation Quoetien* calculation results with an average value of 2.487 percent and the water supply, waste treatment, waste and recycling sector is the second largest sector with a *Luqation Quoetien* calculation value with an average value of 1.595 percent.

2. Simultaneously, all sectors (Construction Sector; Trade, Hotel and Restaurant Sector; Transport and Communication Sector; Finance, Insurance and Corporate Rentals Sector; and Services Sector) have a significant effect on the poverty rate in Medan City. Partially, the Trade, Hotel and Restaurant Sector and the Transport and Communication Sector have a negative and significant effect. The Construction Sector and Services Sector have a positive and significant effect. While the financial sector has a negative and insignificant effect.

### b. Sugestion

1. The Central Lombok district government needs to provide or prepare transport facilities and infrastructure for tourism objects that are currently still difficult to visit by tourists. Prepare education and training institutions for workers in accordance with the development of labour market demand with greater access for the poor.

2. It is expected to formulate a profitable development strategy in the future and prioritise the economic sector which is the leading sector. However, in order to increase the economic growth of Central Lombok Regency, it should not ignore the non leading sectors, because by increasing the role of the non leading sector it is hoped that the sector can grow into the leading sector and in the end all economic sectors can increase economic growth with the emergence of jobs so as to reduce poverty in Central Lombok Regency.

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