

# **Analysis of Regional Economic Development Planning Based On Local Economic Potential Development and Regional Competitiveness Improvement (Study of Economic Development Planning At Blitar Regency)**

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**ABSTRACT:** *The background of this research has not been a lot of attention to economic potential aspects in coordination among relevant agencies in development planning process by taking research location in Blitar. The purpose of this study was to determine and analyze the local economic potential as the basis for economic development plan in Blitar and to analyze the economic development plans based on local economic potential and competitive potential in Blitar by using interactive approach to planning. In this study used two types of approaches, namely quantitative and qualitative research using location quotient and shift share (LQSS) and interactive planning.*

*The results of this study, it can be seen that the sector be featured are agriculture and services, while the sector is competitive agricultural sector, trade, hotels and restaurants as well as the processing industry. Development planning process by using interactive approach to planning, judging from the principles of participation, SKPD very enthusiastic in the planning process but a high motivation is not supported by the available resources, both human and financial resources. Related understanding of the planning process development, knowledge on education is still limited so plan regardless of the strategic plan. The thoughts that are needed for development planning in Blitar is the notion that innovative thoughts and override the sectoral-ego.*

*The principle of sustainability in Blitar regency, Bappeda include monitoring or monitoring of the development planning process, especially economic development in Blitar in particular have not done any sub-sector, but do macro entire sector on a quarterly basis by the Planning Agency. The absence of strict sanctions, explicit non-compliance of the planning documents result in monitoring or evaluation by a formality that seems done partially, a mere formality, and less integrated. Holistic principle in Blitar leads to development planning mechanism that is monopolized by the Planning Agency. So that the activities of planning in Blitar still seem to be a formality, not to focus on the essence of regional development. Integration, synchronization and synergy in the planning process is very important because it can encourage the development process fast and efficient.*

**Keywords:** *economic development planning, regional economic potential, interactive planning*

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## **I. INTRODUCTION**

The national development plan in Indonesia as stipulated in Law No. 25 Year 2004 on National Development Planning System divides the scope of a systematic and integrated planning. Can be interpreted as meaning integrated development planning alignment between the space (time) as well as between different levels of government. According Tjokroamidjojo, planning is seen as a way to achieve both objectives with the benefit of planning one of which is "to planning then made an estimate (forecasting) of the things in the implementation period to be traversed. Estimates made about the potential and prospects.

Economic growth is an indicator that is very important to know and evaluate the results of the construction carried out by a country, especially in the economic field. Economic development in Indonesia has strived and lasted since independence with a variety of strategies, policies and programs of economic development for prosperity for the entire community. One method to describe the existence of potential sector is through an index Location Quotient (LQ) that "a simple indicator that can indicate the strength or the size of the role of a sector in an area compared to the area above it or region of reference" (Daryanto and Hafizrianda, 2010: 20). Analysis of the economic development plan can be seen from the performance of the Indonesian economy is described by the Gross Domestic Product (GDP) with an effort to implement the strategy a careful and precise and requires optimizing the use of all the existing economic potential. Along with the growth of the national economy, economic growth in East Java as one of the provinces that have a fairly high economic activity during the period 2009-2014 fluctuated increase and decrease but predominantly have an upward trend. East Java's economic growth in 2009 amounted to 5.01% increase to 6.68% in 2010 increased to 7.22% in 2011 increased to 7.27% in 2012, but decreased in 2013 to 6.55 % and in 2014 slowed back to 5.86%. Blitar is a county located in East Java, when seen from a comparison of national economic growth and the East Java province, the average

economic growth of Blitar in 2009-2014 has been above the national average and the East Java province. From 2009, the economic growth of 5.18% Blitar increased in 2010 by 6.08% increased again in 2011 amounted to 6.33%. In the year 2012 increased by 6.35%, but in 2013 decreased to 6.18% and increased again in 2014 at 6.20%.

This study uses interactive planning method used to make future planning, which is based on the problems faced today and then design the plan to tackle these problems. Methodology interactive planning stems from the concept interactivism and a participatory method of dealing with a series of problem, interrelated when it was believed that if an act is not done, then the desired future is unlikely to happen, and that if the action taken is right, the future possibilities that have been desired can be realized. (Ackoff, 1981 in Lumbo, 2007: 15).

## **II. METHODOLOGY**

This study uses a quantitative approach and qualitative approaches. Location of the study that I took was in Blitar. Blitar regency is one of regencies in East Java economic growth below the average of East Java province and national. The data type used in the study with a quantitative approach is secondary data. Secondary data that I use is the province of East Java GRDP data for 2010-2014 and 2010-2014 the GDP Blitar. Secondary data sources are comes from the Central Statistics Agency (BPS) in Blitar. The population for this research is quantitative approach is data PDRB East Java province in 2010-2014 and 2010-2014 the GDP Blitar. While the sample used in the quantitative approach is the GDP of each sector. The sectors in the GDP used are as follows:

1. Agriculture, Livestock, Forestry and Fisheries;
2. Mining and Quarrying;
3. Processing Industry Sector;
4. Electricity, Gas, and Water Sector;
5. Construction / Building Sector;
6. Trade, Hotels, and Restaurants Sector;
7. Transportation and Communications Sector;
8. Financial Sector;
9. Offices Sector.

## **III. RESULTS**

Based on the research focus of the first, researchers used quantitative analysis methods Location Quotient and Shift Share (LQSS). Basic data is the subject of data analysis is a component of the Gross Regional Domestic Product (GDP), both East Java provincial level and the level of Blitar 2010-2014. Here is an overview of the GDP component in Blitar.

### **1. Agriculture, Livestock, Forestry and Fisheries**

Blitar with an area 158 879 ha, if in view of the use of the land can be seen that the rice area 19.96% and 80.04% is not a wetland. Of wetland area that contained 71.00% wetland technical, 12.15% wetland half technical, modest 10.57%, rural / Non PU 2.56% and wetland rainfed 3.72% :

#### **a. Plant Foodstuffs Subsector**

One commodity food crops seeded in Blitar include rice and corn production is relatively stable every year.

#### **b. Crops Subsector**

An agricultural smallholder tree crops planted by the community stout Blitar district consists of the sugar cane crop, local and virginia tobacco.

#### **c. Ranch Subsector**

Livestock subsector in Blitar many producing eggs, milk and meat. Laying chicken farms in the livestock sector is very influential in Blitar. Beef cattle breeding ranks second after laying and broiler chickens.

#### **d. Forestry Subsector**

Forestry plants that became a mainstay product Blitar is teak and jungle in 2013 production reached 27 026 m3.

#### **e. Fisheries subsector**

One commodity fisheries subsector that serve as the flagship product in Blitar are ornamental fish especially Koi fish.

From the calculation of LQ and SS above it can be seen that the agricultural sector is the most superior potency in Blitar and the potential of the most competitive. While the potential of the second seed is the services sector

but still less competitive in accordance with the calculation SS therefore necessary to pursue various efforts to increase revenue from the services sector. Trade, hotels and restaurants is a sector that is highly competitive but less maximized second. The manufacturing sector is also a sector that is highly competitive third place but its presence is less contribute to local economic potential is largely process agricultural products. From the results of the national labor force survey (Sakernas) carried on each semi-annual CPM, in 2014 showed almost 50% of the population in Blitar livelihood in the category field of farming, forestry, and fisheries. Subsectors of agriculture, animal husbandry, hunting and agricultural services in Blitar include food crops, horticultural crops, plantation crops, livestock, and agricultural services and hunting animals intended for sale. A category crops are covering for all economic activities that produce food commodities. Crop yields in Blitar include rice, crops (corn, soybeans, peanuts, green beans, sweet potato, taro, canna, irut, dioscorea esculenta, sorghum / millet, millet, barley, wheat, etc.). Categories horticultural crops consist of horticulture crops comprised of seasonal horticultural crops and horticultural crops yearly. Commodities produced horticultural crops include commodity group of vegetables, fruits, medicinal plants and ornamental plants. Categories of plantation crops are consists of plantations of seasonal and annual plantation crops, either cultivated by the people or by the plantation companies (public and private). Commodities produced by the activities of plantation crops include sugar cane, tobacco, patchouli, castor, sesame, plant-fiber (cotton, rosella, hemp, jute, agave, abaca, kenaf, etc.), coconut, oil palm, rubber, coffee, tea, cocoa, pepper, nutmeg, cinnamon, cloves, cashew nuts. Livestock category includes all livestock business that organizes breeding and cultivation of all kinds of livestock and poultry for the purpose of bred, raised, cut, and captured the results, both by the public and corporate farms. Commodities produced by farming activities are beef cattle, buffalo, sheep, pigs, horses, chickens, broilers, laying chicken, manila duck, duck, duck eggs, fresh milk, and so on. Categories agricultural services and agricultural service activities include hunting, hunting and poaching of wildlife, as well as the breeding of wildlife. Forestry and logging subsector includes cutting all types of wood as well as making leaves and roots. The main commodity of fishery subsector in Blitar are ornamental fish especially Koi fish. As for the affairs of agricultural inputs in Blitar increased which consists of the number of farmers, processing equipment soil, tools pest eradication, tool rice processing (threshing machine, cleaning machine grain, rice machinery, engine major rice mills, small rice machines, and rice with Unit (RMU)). The services sector in Blitar is the dominant sector but lost its competitiveness in the agriculture sector, trade, hotels and restaurants and the manufacturing sector. The commencement of a new period of regional heads of Blitar, sub amusement and recreational services sectors become the main focus in improving local incomes and the economy. Sub amusement and recreational services sectors are expected to have an impact on increasing the production of other sectors. The trade of hotels and restaurants in Blitar are including competitive sector. A growth of the trade sector in Blitar is very rapidly with tourism sectors and public outside in visiting area or passing area in Blitar. Based on a data from the year on 2013, as many as 927 trading companies that take care of company Business License (License), the holder of Company Registration (TDP) as many as 927 for individual company. The rapid growth of trade in Blitar require for the presence of additional means of trading.

The development plans are effective, because sustainable and focused by the key factor in carrying out development activities in the area. Direction of development of the revitalization of the local economic development involves several aspects to the region's economy towards sustainable development. Some of these aspects include governance, process management, target group, location factors and focus policy and sustainable development. As Taringan opinion (2012: 33) mentions that "sectoral approach by focusing attention on the sectors of activity in the region. This approach classifies economic activities on sectors that are considered uniform or uniform ". The sectoral approach could spur growth in some sectors superior and impact in other sectors. Furthermore, according to Taringan, "Every sector is seen the potential and opportunities, establishing what can be improved and where the location of the building activities" (Taringan, 2012: 36). Each sector was analyzed again (break down) so that there are groups that are homogeneous. Each sub-sector may be broken again on the basis of a commodity, such as for groceries subsector can be itemized on rice, vegetables, fruits and so forth. Sector approach (sectoral approach) emphasizes the growth of the construction carried out in an area / region. The shift in the proportion of these resources is considered as the main determinant of rapid economic growth. The reason for the shift in the proportion of these resources lies in terms of demand can be observed that the income elasticity of demand for goods and services turned out to be higher than on primary products, thus increasing income will be followed by a transfer of resources from the primary sector to the secondary sector and further anyway the tertiary sector. It can be seen that the agricultural sector is the most superior potency in Blitar and the potential of the most competitive. While the potential of the second seed is the services sector but still less competitive in accordance with the calculation SS therefore necessary to pursue various efforts to increase revenue from the services sector. Trade, hotels and restaurants is a sector that is highly competitive but less maximized second. The manufacturing sector is also a sector that is highly competitive third place but its presence is less contribute to local economic potential is largely process agricultural products. Economic growth

in Blitar mostly supported agricultural output. But the economic turnaround in Blitar, especially in agricultural products are still low, it is because of lack of government support and the community itself.

Blitar as having excellent potential and competitiveness of the agricultural sector is to be maximized. A successful management of agricultural sector can drive the growth of other sectors such as manufacturing, trade in the tourism sector. Management of regional economic potential and economic potential competitiveness to increase welfare of the community on an ongoing basis for development is done based on the potential and local wisdom. As explained by Sjafrizal that, "the science of development planning is actually derived from the economic planning which aims to improve the welfare of society as a whole" (Sjafrizal, 2014: 7). The determination of the proper regional development strategy of a region is determined by the economic potential of the region. As Sjafrizal the opinion that, "... the amount and quality of resources available that can be used to support efforts to achieve the goals and objectives of regional development also contribute to determining" (Sjafrizal, 2014: 57). Local Economic Development (LED), a process in which local governments and organization involved communities to encourage, stimulate, maintain business activities to create jobs. According to Blakely and Bradshaw (2002: 67) there are four components in the selection of regional economic development strategy, such as:

1. Locality;
2. Business and economic base;
3. Human resources;
4. Community resources.

This means that the strategy of regional economic development includes the construction of infrastructure that most influence on economic growth, an approach that prioritizes development in the field of business, an approach that prioritizes human resource development, and development approach that prioritizes the development of the society's most down, like labor supply.

#### **IV. CONCLUSION**

Based on the analysis using the method of location quotient and shift share (LQSS), local economic potential Blitar during 2010-2014 was the agricultural sector and the services sector. While the potential of economic competitiveness during the years 2010-2014 was the agricultural sector; trade, hotels and restaurants; and the manufacturing sector. The planning process undertaken in Blitar seen from the principle of participation is still less than the maximum implemented. Enthusiastic planning process undertaken by all SKPD very high but not backed up with human and financial resources. Most of each SKPD to repeat the previous year's for activities without regard to the strategic plan so that they rely on Planning Agency as the leading actor in the planning development process. The planning process viewed from the principles of sustainability, monitoring and evaluation are still macro conducted by Bappeda every quarter. The absence of strict sanctions, explicit non-compliance of the planning documents result in monitoring or evaluation by a formality that seems done partially, a mere formality, and less integrated. The planning process seen from a holistic principle, mechanisms of development planning and how to do it is monopolized by Bappeda and not controlled by the entire SKPD. Event planning process still seems a mere formality, not to focus on the essence of regional development.

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