

Analysis of Economic Potential in Tolitoli Regency for the 2017-2022 Period

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ABSTRACT

This study aims to analyze the basic and leading sectors and their contribution to the economy of Tolitoli Regency. This study uses secondary data in the form of Gross Regional Domestic Product of Tolitoli Regency and Central Sulawesi Province at constant prices in 2010 for the 2017-2022 research period. The analytical tools used in this study are Location Quotient (LQ), Dynamic Location Quotient (DLQ), Study Area Growth Ratio (RPs) and Overlay. This study shows that by using LQ there are thirteen sectors that are basic sectors. The results of the DLQ analysis show that there are eleven sectors that are basic. Based on the calculation results from the analysis of the RPs and DLQ tools after being overlaid, it shows that the priority sectors are the Transportation and Warehousing Sector, Information and Communication Sector, Financial Services and Insurance Sector, Other Services Sector

Keywords: Featured Sector, Location Quotient, Dynamic Location Quotient, Study Area Growth Ratio, Overlay

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INTRODUCTION

Regional economic development is a process in which local governments and communities manage existing resources by establishing partnership patterns between local governments and the private sector to create jobs and can stimulate economic growth in the region concerned (Subandi, 2008).

According to the economic base theory, the economic growth rate of a region depends on increasing exports from that region. Economic activities are divided into basic and non-basis, where only base activities have the impact of encouraging regional economic growth. Export activities include all production and service provision activities that bring financial input from outside the region, and these are called base activities, while non-based activities include meeting local consumption needs. As a result, local economic growth is in line with the increase in local income. Therefore, the sector that can drive regional economic growth beyond natural growth is the base sector (Taringan, 2005).

Improving the regional economy currently, each region is expected to be able to be independent to increase income. Therefore, exploring the economic potential of the region and utilizing it appropriately is the best step. Without considering the potential possessed by each region, regional development and income will not achieve optimal results according to expectations (Irwan and Suparmoko, 2002).

To determine the growth and development of national income, regional revenue statistics must be presented periodically as material for regional development planning, especially in the economic sector. Regional income figures can also be used as material to assess the economic development of various units, both local and private. The growth rate of regencies/cities in Central Sulawesi from 2017 to 2019 shows annual growth (positive trend). In 2020, the economic growth of regions/cities in Central Sulawesi showed a considerable difference from -4.95 percent to 28.51

percent. Tolitoli Regency as the parent district of Buol Regency because of expansion in 2000. As a result of regional expansion, the region has relatively few resources and is increasingly limited to develop. One way to develop existing resources is to know the leading sectors in the Tolitoli area. Analyzing economic potential through leading sectors is essential for future development planning, especially when there is regional expansion that has an impact on changes in the potential and resources of the region of origin (main region).

Tolitoli Regency is part of the Central Sulawesi region which recorded the Gross Regional Domestic Product Growth Rate 2010. In 2021, production activities of various industries will resume in Tolitoli with the enactment of the new normal. This is a reason for increasing the value of economic growth in Tolitoli Regency. In early 2020, Tolitoli Regency experienced a downsizing because of the Covid-19 pandemic that hit the world. It can be seen from the category of agriculture, forestry and fisheries industries that are most represented in the initial component of Tolitoli Regency's GDP in 2021 of 39.56%. The second largest industry with the highest share is construction. Based on developments over the past five years, this category continues to grow in percentage terms. In 2021, the share will be 11.93%. The value of Regional Domestic Product increased to IDR 8.9 trillion in 2021. In nominal terms, this GDP figure increased by IDR 580.390 billion compared to IDR 8.32 billion in 2020. The increase in the value of GDP is influenced by the formation of new habits, so that the wheels of the economy begin to spin again. Based on constant prices in 2010, the figure of gross domestic product also increased from 5.53 trillion rupiah in 2020 to 5.77 trillion rupiah in 2021. This shows that Tolitoli's economic growth was around 4.36 percent in 2021. This increase in GDP is due to higher production and is not affected by inflation.

From this explanation, research is needed to identify the leading sectors in Tolitoli Regency. This will be an important guide in formulating development plans and implementing to increase economic growth. Therefore, the author is interested in conducting further research on this subject with the title "Analysis of Economic Potential in Tolitoli Regency for the 2017 – 2022 Period".

This is the reason why the author conducted research to increase the value of economic growth in Tolitoli Regency. Based on this, the formulation of the problem that can be raised is what sectors are the base and non-based sectors in the economy in Tolitoli Regency? And what sectors have advantages to be developed in Tolitoli Regency? From the existing formulation, the author conducts research as an input material and as additional information for the Tolitoli Regency government in carrying out development planning, especially in increasing economic growth and this can be used as reference material for future researchers so that future researchers can further refine.

LITERATURE REVIEW

Leading sectors are sectors that produce production that have a large contribution to the value of GDP, sectors that provide large jobs, thus creating income for the community, sectors that have a strong level of linkage to the development of other sectors (Adisasmita, 2005)

According to Tjokromidjojo (2003), the leading sector or potential economic sector can be interpreted as an economic sector or productive business activity developed as a potential development and can be the basis of the economy of a region compared to other sectors in a relationship either directly or indirectly.

Leading Sectors in Regional Development

According to Suparmoko (2002), the economic potential of a region is the economic capabilities that exist in the region that are possible and feasible to be developed. To achieve development targets and goals, regions must be able to face the fundamental challenges they face and understand their strengths and weaknesses. Therefore, determining the appropriate development strategy is crucial.

The purpose of regional development planning is to find harmony and balance between regions in accordance with their natural potential and utilize that potential effectively, systematically and safely. Problems in regional development can be considered as resources and opportunities to create more job opportunities for local communities. To achieve this goal, cooperation between the government and the community is essential in identifying opportunities available to the region and considering them as a force in local economic development.

Regional Economic Development Theory

Regional economic development is a process in which local governments and communities work together to manage existing resources and form partnerships between local governments and the private sector to create new jobs and drive economic growth in the region. The main problem in economic development is the focus on policies based on the typical characteristics of the region (endogenous development), by harnessing the potential of human, institutional, and physical resources locally. This approach prioritizes local initiatives in the development process to create new job opportunities and encourage increased economic activity (Arsyad, 1999).

Economic Growth Theory

According to Sirojuzilam (2008), economic growth can be considered as the impact of government policies, especially in the economic field. Economic growth is a growth rate formed from various economic sectors that indirectly describes the growth rate that occurs and is an important indicator for regions to evaluate the success of development.

Gross Regional Domestic Product

Gross Regional Domestic Product is a measure that represents regional economic growth by sector so that it is considered a driver of regional economic growth. Butor Regional Domestic Product can also be interpreted as the sum of the net economic output value produced by all economic activities in a region (Province and Regency/City) during a certain period, usually within a period of one year. There are two types of GDP, namely:

1. Gross Regional Domestic Product based on prevailing prices
Gross Regional Domestic Product based on prevailing prices is the gross value-added amount arising from all sectors of the economy based on prevailing prices in the region.
2. Gross Regional Domestic Product on a constant price basis
GDP fixed price has the same meaning as GDP according to market price; only fixed price is a fixed price for a given year that does not change even though other assumptions change.

There are three approaches used in calculating GDP (Taringan, 2005), namely:

The production approach is a method of measuring economic growth that calculates the amount of final value of goods and services produced by all production units or industries in a given area over a given period, usually in a year. This approach is often referred to as the value-added approach, where gross value added is obtained by subtracting the value of output from all industries by the value of gross input from each sector of the economy.

The revenue approach is another method of measuring economic growth, which calculates the total revenue of all components of final demand in the region over a given period. In this approach, the added value of economic activity is calculated by adding up all factors of production, such as wages, operational surpluses, depreciation, and indirect taxes.

The Expenditure approach is used to calculate the value of goods and services consumed by various groups of people, including household, government, and social foundation consumption, as well as capital investment and exports.

Theory Sector Basis

The theory of pure export bases was first developed by Charles Tiebout. This theory categorizes production activities or types of work in an area into the base sector and the non-base sector. Base activities are exogenous activities, which means that they are independent of the internal economic conditions of the region, and at the same time play a role in encouraging the growth of other types of employment. On the other hand, non-based activities are those that aim to meet the local needs of the region. Therefore, its growth depends on the overall economic conditions in the region. In other words, the sector is endogenous, which means that it does not grow independently and depends on the economic conditions of the region (Tarigan, 2004).

According to Tarigan (2005) some of the methods used to choose between base and non-base activities are as follows:

1. Direct Method

The direct method can be done by asking entrepreneurs directly questions about where they market the goods produced and where to purchase the materials needed for the product.

2. Indirect Methods

Due to the time and cost limitations involved in conducting in-person interviews, many indirect methods are used to measure these important and non-essential activities. One such method is the assumption method, where assumptions are used based on certain conditions and intervals (based on secondary data).

3. Mixed Method

In areas where many companies have developed a wide variety of core and non-core activities, the use of purely standard methods can result in significant errors. However, the use of pure direct methods can also be quite troublesome. As a middle solution, a combination of direct and indirect methods called mixed methods is often used.

1. Location Quotient Method (LQ)

According to Arsad (1999), LQ is an indirect approach used to measure the performance of the economic base of a region, meaning that this analysis is used to test economic sectors that are included in the category of leading sectors. LQ is used to measure the concentration of an activity (industry) in a region by comparing its role in the regional economy with the role of similar activities or (industries) in the regional or national economy. The calculation of LQ can also be done to compare indicators at the provincial level with the national level. Adisasmita R (2008) Mathematical formulation, namely:

$$LQ = \frac{y_i/y_j}{Y_i/Y_j}$$

Description:

LQ = Nilai Location Quotient

y_i = GDP of the economic sector in the district/city

y_j = total GDP of the economic sector of the district/city

Y_i = GDP of the economic sector in the province

Y_j = total GDP of economic sectors in the province

Based on the results of the calculation, LQ can be concluded as follows:

- a. If the LQ is greater than 1 (>1), it is the base sector, meaning that the specialist level of the district is higher than the provincial level.

- b. If the LQ is less than 1 (<1), it is a non-base sector, that is, a sector whose specialist level is lower than the provincial level.
- c. If the LQ is equal to 1 (=1) it means that the specialist level of the Regency is the same as the Provincial level

The basis of economic theory states that the economic growth of a region is influenced by the growth of exports from that region. Economic activities can be classified into core and non-core activities. Core activities, or operating bases, have the potential to drive regional economic growth and increase the region's income.

2. Dynamic Location Quotient Analysis (DLQ)

Dynamic Location Quotient actually has the same principle as LQ. DLQ is a modification of SLQ, by accommodating the growth rate factor of the economic sector over time. DLQ can be calculated with the following formula (Widodo, 2006).

$$DLQ = \frac{\frac{1+g_{ij}}{1+g_j}}{\frac{1+G_i}{1+G}} = \frac{IPPS_{ij}}{IPPS_i}$$

Description:

- IPPS_{ij} = Index of potential development of sector i in area j.
 IPPS_i = Index of potential development of sector i reference.
 G_{ij} = Growth rate of sector i in area j.
 g_i = Average growth rate in area j.
 G_i = Growth rate of sector i in the reference area.
 G = Average growth rate in the reference region.

The interpretation of DLQ is still the same as LQ, only this comparison emphasizes more on the growth rate. If DLQ = 1, it means that the growth rate of sector (i) is proportional to the growth rate of that sector in the GDP of the DLQ reference area < 1 means that the proportion of the growth rate of sector (i) in the growth rate of Regency/City GDP is smaller than the proportion of the growth rate of the sector in the Provincial GDP. On the other hand, if DLQ means that the ratio of sector growth rate (i) to city/city GDP is faster than the ratio of sector growth rate to provincial GDP.

3. Analysis of the Growth Ratio of the Study Area (RPs)

Based on the formulation of problems in sectors that provide benefits for development in Tolitoli Regency, an analysis tool of RPS is used. RPS analysis is one of the models that describes leading economic activities in a region and emphasizes growth criteria that compare the growth of these activities on a larger scale. With the following formulation (Joseph, 1999).

$$RPs = \frac{\Delta E_{ij} / E_{ij,t} - 1}{\Delta E_{ir} / E_{ir,t} - 1}$$

Description:

- Δ E_{ij} = Change in GDP sector i in the study area
 E_{ij, t-1} = Changes in sector i in the study area at the beginning of the study

ΔEir = Change in GDP sector i in the reference area

Eir. T-1 = GDP of sector i in the reference area at the beginning of the study

RP_s = Comparison between the growth rate in the study area sector with the growth rate in the reference area.

If the RP_s value > 1 is positive (+), it means that the growth of a certain sector in the reference area is higher than the growth of the total GDP of the reference area. Meanwhile, if the value of RP_s < 1 is negative (-), it means that the growth of a certain sector in the reference area is smaller than the total GDP growth of the reference area.

4. Overlay Analysis

The Overlay approach is basically a combination of RPS and DLQ analysis. These two analyses aim to provide results in identifying the actions of leading sectors both in terms of contribution and growth. The identification of superior activities is shown through an overlay between RPS and DLQ, so that results that represent growth criteria (RPS) and contribution criteria (DLQ) will be obtained the calculation value is RPS or DLQ if > 1 is notated (+), while for the value of < 1 is notated (-), (Basuki and Gayatri, 2009) There are 4 (four) possibilities in the Overlay analysis, namely:

- a. If Growth (RPS) (+) and contribution (DLQ) (+), it means that the sector is a very dominant sector, both in terms of contribution and growth. This sector is an advanced and fast-growing sector. This sector can be seen as a priority sector (leading sector)).
- b. If Growth (RPS) (+) and contribution (DLQ) (-) means that the sector is a sector whose contribution is still small, but the growth is getting bigger. This sector is a growing sector and can be increased in its contribution to become a dominant sector. This sector can be seen as a potential sector.
- c. If Growth (RPS) (-) and contribution (DLQ) (+) mean that the sector is a sector with a large contribution but a smaller growth. This sector is a sector that is experiencing a decline in growth. This sector can be seen as a depressed sector that is experiencing a decline.
- d. If Growth (RPS) (-) and contribution (DLQ) (-) mean that the sector is a sector with a large contribution but a smaller growth. This sector is a sector that is experiencing a decline in growth. This sector can be seen as a depressed sector that is experiencing a decline.

METHOD

This research is quantitative descriptive, (Sudjarwo 2001) explains that descriptive research is "structured research that describes real economic problems and phenomena based on secondary data, journals, articles, and research results, based on the development of theories and observations simultaneously, combined with appropriate reasoning methods". It is called quantitative descriptive because the elaboration of the material is carried out in the form of numbers, starting with data collection, data interpretation, and results from research materials. The researcher chose Tolitoli Regency as the research site. The types of data used in this study are secondary data in the form of quantitative data: 1. Gross Regional Domestic Product (GDP) Data, 2. Central Sulawesi Gross Regional Domestic Product (GDP) Data, 3. Data on the Growth Rate of GDP per sector, 4. GDP Growth Rate Data, 5. Other data that is relevant to the research. The source of data for this research comes from various sources that come from secondary data from the Central Statistics Agency (BPS) of Tolitoli and Central Sulawesi Regencies, as well as from other sources such as various books, articles and scientific papers (thesis) related to it. This research is

sourced from data collection methods from literature, documentation and the internet. Literature study is done by studying or understanding literature that contains information about the subject being researched and books related to the research topic. Documentation techniques are carried out by tracking and documenting information about the object of research. The analysis tools used in this research study generally consist of four methods, namely: LQ, DLQ, RPS and Overlay Analysis.

RESULTS

Location Quotient Analysis (LQ)

Location Quotient (LQ) is an indicator of the base sector that produces goods and services for local and out-of-region markets, which in turn will generate revenue for the region. Based on the formulation of the problem regarding the determination of the base sector in Tolitoli Regency, the analysis used is LQ. Through this analysis, the level of specialization of the base sector in Tolitoli Regency can be measured. The LQ analysis was carried out by comparing the value of the Gross Regional Domestic Product (GDP) of Tolitoli Regency each year with the value of the GDP of Central Sulawesi Province for the period 2017-2022, so that it can be known which business sector is the base sector. In the LQ analysis, there are three criteria used, namely: If the LQ value is > 1 , then the sector is categorized as a base sector. This shows that the level of specialization in Tolitoli Regency is higher than in Central Sulawesi Province. The production of the commodity in question has exceeded the needs of local consumption and the excess can be sold outside the region (export). If the LQ value is < 1 , then the sector is categorized as a non-based sector. This indicates that the level of specialization in Tolitoli Regency is lower than in Central Sulawesi Province. If the LQ value = 1, this indicates that the level of specialization in Tolitoli Regency is the same as in Central Sulawesi.

Based on the results of the LQ analysis of seventeen economic sectors of Tolitoli Regency from 2017 to 2022, there are thirteen sectors with an LQ value of > 1 , so these sectors are categorized as base sectors. The economic sectors that are classified as the base sector are the Agriculture, Forestry and Fisheries Sectors; Water Procurement, Waste Management, and Recycling; Construction Sector; Large Trade and Retail Sector; Car and motorcycle repair sector; Transportation and Warehousing Sector; Accommodation and Beverage Provision; Information and Communication Sector; Financial Services and Insurance Sector; Real Estate Sector; Government Administration, Defense and Compulsory Social Security; the Education Services Sector; Health Services and Social Activities Sector; and Other Service Sectors. Thirteen economic sectors that have an LQ value of > 1 means that the level of specialization of the economic sector can meet the needs of its region and be able to export. The sectors that are classified as non-base sectors or $LQ < 1$ are four sectors, namely, the Mining and Quarrying Sector; Processing Industry Sector; Electricity and Gas Procurement Sector; Corporate Services Sector. The four sectors have an average LQ value of < 1 , meaning that the level of specialization of the sector in Tolitoli Regency is smaller than the same sector in the economy of Central Sulawesi Province so that it is only able to meet the needs of the region and has not been able to export its production. The economic sector with a Location Quotient value of < 1 indicates that local governments should evaluate the policies, programs, and development projects that have been implemented, as well as set appropriate policy directions to support the growth of the three sectors. It is hoped that local governments will be more serious in paying attention to these sectors through appropriate programs and activities and adequate development budget allocation. The following are the results of the analysis of the LQ of Tolitoli Regency over the past six years, starting from 2017 to 2022.

Dynamic Location Quotient Analysis

The interpretation of Dual Location Quotient (DLQ) is similar to Location Quotient (LQ), but the focus is more on the rate of growth. If $DLQ = 1$, it indicates that the growth rate of a

particular sector (i) relative to the growth rate of the region's Regional Gross Domestic Product (GDP) (j) is proportional to the growth rate of that sector in the GDP of the reference region.

If the $DLQ < 1$, this indicates that the proportion of the growth rate of sector (i) to the growth rate of Tolitoli Regency is lower than the proportion of the growth rate of the sector to the GDP of Central Sulawesi. On the other hand, if the $DLQ > 1$, it shows that the proportion of the growth rate of sector (i) to the GDP of Tolitoli Regency is faster than the proportion of the growth rate of the sector to the GDP of Central Sulawesi. The results of the calculation of the DLQ of Tolitoli Regency can be seen that the sectors that have a DLQ value of > 1 are the Processing Industry Sector; Electricity and Gas Procurement Sector; Water Procurement, Waste Management, Waste, and Recycling Sectors; Construction Sector; Wholesale and Retail Trade; Car and motorcycle repair sector; Transportation and Warehousing Sector; Information and Communication Sector; Financial Services and Insurance Sector; Real Estate Sector; Government Administration, Defense and Compulsory Social Security Sectors; Health Services and Social Activities Sector and Other Service Sectors.

The average value of sectors that have $DLQ < 1$ is the Agriculture, Forestry and Fisheries Sector; Mining and Quarrying Sector; Water Procurement, Waste and Recycling Treatment; Accommodation and Beverage Provision; Corporate Services Sector; Education Services Sector.

Combined Analysis of Location Quotient (LQ) and Dynamic Location Quotient

Knowing the change in the position of each existing economic sector can be done by combining two methods, namely LQ and DLQ , with the following criteria. (Kuncoro 2004).

- If the LQ value is > 1 and $DLQ > 1$, it means that the economic sector in Tolitoli Regency is a leading sector both now and in the future.
- If the LQ value is > 1 and $DLQ < 1$, it means that the economic sector in Tolitoli Regency has changed its position from basic to non-base which is a prospective sector that can still develop in the future.
- If the LQ value is < 1 and $DLQ > 1$, it means that the economic sector in Tolitoli Regency has experienced a repositioning from non-base to base which is a mainstay sector in the future.
- If the LQ value is < 1 and $DLQ < 1$, it means that the economically disadvantaged sector in Tolitoli Regency will remain non-base both now and in the future.

The combined results of the LQ and DLQ analysis of the economy of Tolitoli Regency are known to have nine base/superior fixed sectors that have not experienced a change in position, namely the Construction sector; Wholesale and Retail Trade sector; Car and motorcycle repair; Transportation and Warehousing Sector; Information and Communication Sector; Financial Services and Insurance Sector; Real Estate Sector; Government Administration, Defense and Compulsory Social Security; Health Services and Social Activities Sector and Other Service Sectors.

Study Area Growth Rate (RPs)

The RP s value > 1 , then it is notated positive (+) which means that the sector growth at the regional level of Tolitoli Regency is higher than the sector growth in the region in Central Sulawesi Province. The results of the calculation of RP s in the table above show that the value of RP s > 1 is the Agriculture, Forestry and Fisheries Sector; Electricity and Gas Procurement Sector; Transportation and Warehousing Sector; Information and Communication Sector; Financial Services and Insurance Sector; Other Service Sectors. The value of RP s < 1 is the activities of the Mining and Quarrying Sector; Processing Industry Sector; Water Procurement, Waste Management, Waste and Recycling Sectors; Construction Sector; Large Trade and Retail Sector; Car and motorcycle repair sector; Accommodation and Beverage Provision; Real Estate Sector;

Corporate Services Sector; Government Administration, Defense and Compulsory Social Security; the Education Services Sector; Health Services and Social Activities Sector.

Overlay Analysis

Based on the results of the Pverlay Analysis, it is a combination of the results of the calculation of RPs and DLQ, namely the overlay that has a value of > 1 is denoted (+) while those that have a value of < 1 are notated (-). The developed or priority sectors (++) are the Electricity and Gas Procurement sector; Transportation and Warehousing, Information and Communication Sector, Financial Services and Insurance Sector and other service sectors. The sector is growing (+-) that the sector is a sector with large growth but a small contribution, namely the Agriculture, Forestry and Fisheries Sector. The depressed sectors (-+) are the Processing Industry Sector; Electricity and Gas Procurement Sector; Water Procurement, Waste Management, Waste, and Recycling Sectors; Construction; Large Trade and Retail Sector; Car and motorcycle repair sector; Real Estate Sector; The Government Administration, Defense and Compulsory Social Security Sector and the Health Services and Social Activities Sector that these sectors are sectors with a large contribution but smaller growth, this sector is a sector that is experiencing a decline in growth. Meanwhile, the sectors that are lagging (--) are the Mining and Quarrying Sector; Accommodation and Beverage Provision; Corporate Services Sector; the Education Services Sector; This means that this sector is a low sector both in terms of growth and in terms of contribution.

DISCUSSION

Base Sector and Export Base Theory

The results of the Location Quotient (LQ) analysis showed that thirteen of the seventeen economic sectors in Tolitoli Regency were classified as base sectors ($LQ > 1$), while the other four sectors, namely Mining and Quarrying, Processing Industry, Electricity and Gas Procurement, and Corporate Services, were classified as non-base. This finding is in line with the theory of export bases put forward by Tarigan (2005), that the economic growth of a region is determined by the ability of certain sectors to produce goods/services that exceed the needs of local consumption so that they can be exported outside the region. The dominance of the number of base sectors in Tolitoli indicates that the economy of this region has a relatively high level of specialization compared to the average of Central Sulawesi Province in many business fields, consistent with the concept that the base sector plays a role as the main driver of regional growth (Adisasmita, 2005; Tjokroamidjojo, 1993).

However, the large number of base sectors does not necessarily mean that all of them contribute equally to the economy. The four sectors that have non-base status, especially the Processing and Mining Industry, are sectors that theoretically (Adisasmita, 2008) have a great potential for forward and backward linkages if developed. This condition shows that Tolitoli's economic structure is still dominated by the primary sector and basic services, while the secondary sector (processing) has not developed optimally, a pattern that is commonly found in districts resulting from expansion based on natural resources.

Sector Dynamics: From Static to Dynamic (DLQ)

When the results of LQ were compared with the Dynamic Location Quotient (DLQ), there was a shift in structural position. Widodo (2006) emphasized that DLQ was developed to overcome the weakness of static LQ, by including elements of the sector's growth rate over time. In this study, the Agriculture, Forestry and Fisheries sector, which is the dominant base sector according to LQ (even contributing 39.56% of Tolitoli's GDP), has a $DLQ < 1$. This means that despite its large contribution, the growth rate is relatively slower than the provincial average.

These findings strengthen the argument of Kuncoro (2004) regarding the four possible positions of the sectors resulting from the LQ-DLQ combination: the Tolitoli agricultural sector includes the current base sector category which has the potential to shift to non-base in the future

if there is no intervention to increase productivity. This pattern is in line with the general symptom of structural transformation in many agrarian-based regions in Indonesia, where the contribution of the agricultural sector to GDP tends to be large but the growth slopes along with the development of the service and trade sectors, as can also be seen in similar studies in various other districts/cities that use the LQ-DLQ approach, such as in Bitung City (Jeri, Antonius, and Jacline, 2015), South Minahasa (Mangilaleng, Debby, and Wensy, 2015), Poso Regency (Meilina, 2020), and Palu City (Serly, Josep, and Patrick, 2016), both of which are in the economic context of Sulawesi with a natural resource-based structure.

As a more specific empirical comparison, the research of Gafur, Muhammad, and Siti (2016) in Bungo Regency with similar methods (LQ, DLQ, and growth ratio models) found only two sectors that are consistent as the basis for both current and future projections, namely the construction sector and the trade, hotel, and restaurant sectors. Compared to that, Tolitoli Regency shows a much more diversified economic structure, with nine stable base sectors as a result of the combination of LQ and DLQ, namely Construction; Wholesale and Retail Trade; Car and Motorcycle Repair; Transportation and Warehousing; Information and Communication; Financial Services and Insurance; Real Estate; Government Administration; and Health Services and Social Activities. This difference indicates that the geographical and historical characteristics of the expansion area also affect the level of diversification of its economic structure, as mentioned in this study regarding the impact of the expansion of Tolitoli from Buol Regency in 2000.

Regional Growth Ratio (RPs) and Their Suitability with Growth Theory

The results of the Growth Ratio (RPs) analysis, referring to the growth ratio model developed by Yusuf (1999), show six sectors with higher growth than the provincial average, namely Agriculture, Forestry and Fisheries; Electricity and Gas Procurement; Transportation and Warehousing; Information and Communication; Financial Services and Insurance; and Other Services. The finding that the Transportation-Warehousing and Information-Communication sector is growing rapidly is relevant to the economic growth theory, which refers to economic growth as a reflection of government policies in the economic field. In this context, the findings can be attributed to the recovery of economic activity after the Covid-19 pandemic and the implementation of the new habits mentioned in the background of the study, which re-encouraged mobility and connectivity between regions.

Overlay: Synchronizing Contributions and Growth as the Basis of Planning

The Overlay analysis is a combination of RPs and DLQ to assess the sector simultaneously in terms of contribution and growth, resulting in four priority sectors (category ++), namely Electricity and Gas Procurement, Transportation and Warehousing, Information and Communication, Financial Services and Insurance, and Other Services. These sectors are growing rapidly and contributing greatly, so according to the framework of Kuncoro (2004) it deserves to be the main priority of regional development.

Interestingly, the Agriculture, Forestry and Fisheries sectors, although the largest contributor to GDP, is only included in the category of developing sectors (+-), which is a small contribution but a large growth. This reiterates the pattern that has been identified at the DLQ stage: the agricultural sector in Tolitoli is experiencing accelerated growth, but its share of total GDP is relatively declining compared to the services and trade sectors which are growing more aggressively. This is consistent with the principle of regional economic development theory from Arsyad (1999), which emphasizes the importance of endogenous and directed management of local resources so that potential sectors can transform into more dominant superior sectors, rather than just relying on traditional sectors whose contribution is gradually eroding.

On the other hand, sectors that are classified as underdeveloped (--), namely Mining and Quarrying, Accommodation and Beverages, Corporate Services, and Education Services, require special policy attention. In accordance with the view of Suparmoko (2002) that regions need to

understand their own strengths and weaknesses in designing development strategies, these disadvantaged sectors need more serious policy interventions and development budget allocation so that they are not further lagging behind other sectors, in line with the recommendations given by this study for sectors in the non-based category on the LQ results.

CONCLUSIONS AND SUGGESTION

Based on the results of the research conducted on the Analysis of Economic Growth and Leading Sectors in Tolitoli Regency for the 2017-2022 Period, several conclusions can be drawn, namely:

1. The results of the Location Quotient (LQ) analysis show that in the Tolitoli Regency area there are 13 sectors which are the base sectors. These sectors are the Agriculture, Forestry and Fisheries Sectors; Water Procurement, Waste Management, and Recycling; Construction Sector; Large Trade and Retail Sector; Car and motorcycle repair sector; Transportation and Warehousing Sector; Accommodation and Beverage Provision; Information and Communication Sector; Financial Services and Insurance Sector; Real Estate Sector; Government Administration, Defense and Compulsory Social Security; the Education Services Sector; Health Services and Social Activities Sector; and Other Service Sectors. Sectors that are classified as non-base sectors are, Mining and Quarrying Sector; Processing Industry Sector; Electricity and Gas Procurement Sector; Corporate Services Sector.
2. Based on the results of the calculations from both RPs and DLQ analysis tools after being overlayed, it shows that the sectors that are priorities/priorities to be developed are the Electricity and Gas Procurement sector; Transportation and warehousing sector, Information and Communication sector, financial services and insurance sector and service sector.

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