



MAPPING OF REGIONAL ECONOMIC POTENTIAL IN SOUTH ACEH**Uliya Azra^{1*}****Universitas Islam Negeri Ar-Raniry, Banda Aceh, Indonesia**uliya.azra@ar-raniry.ac.id**Wais Al Karni^{2*}****Universitas Islam Negeri Ar-Raniry, Banda Aceh, Indonesia**waisalkarniwais33@gmail.com**Maimun^{3*}****Universitas Islam Negeri Ar-Raniry, Banda Aceh, Indonesia**maimun.maimun@ar-raniry.ac.id

Abstract

Regional economic growth is one indicator of the success of a region's development. South Aceh Regency shows a positive economic growth rate, reflected in the increase in Gross Regional Domestic Product (GRDP) per capita. This study uses a quantitative approach with a descriptive research type to identify potential economic sectors in South Aceh Regency. The analysis methods used include Location Quotient (LQ), Shift Share, and Klassen Typology. Location Quotient is used to assess the relative advantages of economic sectors, Shift Share to identify sector contributions to growth, and Klassen Typology to classify sectors based on their characteristics. The results of the analysis show six leading base sectors: agriculture, forestry, and fisheries (LQ = 1.48); manufacturing industry (LQ = 2.22); government administration (LQ = 1.29); education (LQ = 1.29); health and social (LQ = 1.35); and construction (LQ = 1.10). Interpretation of these findings highlights the importance of the manufacturing industry sector, which has the highest LQ, as well as the strategic role of the government administration sector, even though it is not oriented towards the production of goods. To encourage sustainable economic development, several policy directions are suggested, such as the downstreaming of leading sectors, strengthening public services, improving human resources, and developing supporting infrastructure. With this strategy, leading sectors will not only become the current economic drivers but also the pillars of long-term economic transformation in South Aceh.

Keywords: Economic Growth, Potential Sectors, Location Quotient, Shift Share, Klassen Typology, South Aceh



INTRODUCTION

Since the enactment of Law Number 22 of 1999 concerning Regional Government, the government system in Indonesia has undergone fundamental changes from a centralized system to a decentralized system or regional autonomy. This change provides freedom for regions to manage and develop their potential more independently and contextually. Tarigan (2015) explains that this condition allows each region to be freer in determining the superior sectors or commodities that are prioritized for development. Therefore, the ability of local governments to identify economic sectors that have competitive and comparative advantages is very important in determining the direction of development.

Within the framework of regional autonomy, local economic development needs to be directed at maximizing the utilization of the unique potential possessed by each region. According to Arsyad (2015), the main problem in regional development lies in the suboptimal development policies based on local characteristics, both in terms of human resources, institutions, and physical resources. Thus, mapping the structure of the regional economy and the factors that influence its growth becomes crucial as a basis for formulating targeted development policies.

One of the areas that needs attention in this context is South Aceh Regency, which is part of Aceh Province with quite diverse economic potential. However, the transition towards economic management based on superior potential has not been fully optimal. This is reflected in the still high poverty rate, which is 12.02% in 2023 (BPS Aceh Province, 2024), which shows a gap between economic potential and development results felt by the community.



Gross Regional Domestic Product (GRDP) data for South Aceh Regency shows an increasing trend from 2019 to 2023, namely from IDR 5.48 trillion to IDR 7.03 trillion. The three main sectors that provide the largest contribution to GRDP are agriculture, forestry, and fisheries; construction; and wholesale and retail trade including car and motorcycle repairs. The agriculture, forestry, and fisheries sector contributed IDR 2.14 trillion in 2023, making it the dominant sector, especially in the food crops and horticulture sub-sectors. Meanwhile, the construction and trade sectors contributed IDR 1.13 trillion and IDR 1.06 trillion respectively.

Although these data show that these sectors play an important role in the regional economic structure, it is not clear whether this high contribution has been in line with a decrease in poverty rates and the creation of inclusive jobs. Does the high added value of the trade and construction sectors, for example, also reflect an increase in community welfare? Or is this growth concentrated in activities that have not directly touched the lower classes? These questions are an important basis for assessing the effectiveness of the direction of regional economic development.

Several previous studies have shown the strategic role of the agricultural sector in regional economic development. Novky et al. (2024) emphasized the importance of this sector in increasing food security and supporting national economic stability. Sri & Dwi (2022) showed that each region has different leading sectors, such as education services and accommodation provision in Madiun City, which have proven to have competitive advantages and high growth potential. Meanwhile, Zakaria et al. (2019) noted that in Aceh Besar Regency, the dominance



of the agricultural sector in the economic structure has not been reflected in the development policy priorities taken by the local government.

These findings indicate that the existence of leading sectors is not necessarily followed by policies that support their optimal development. A similar question is worth questioning in the context of South Aceh Regency: have the dominant sectors really become the focus of regional development strategies? Or is there a gap between the economic structure that has been formed and the direction of the policies taken?

Based on this background, this study aims to analyze potential economic sectors that can drive economic development in South Aceh Regency more effectively. The main focus of this study is to identify leading sectors that not only contribute greatly to GRDP, but also have high competitiveness and capacity in creating inclusive and sustainable economic growth. The results of this study are expected to provide a strong basis in formulating regional economic development policies in the future.

LITERATURE REVIEW

Regional Economic Development

The development of economic sectors in each region in Indonesia must be adjusted to the potential and priorities of each region, so that overall development becomes a complete unity to realize national development (Faridatun et al., 2021). In the context of South Aceh, regional economic development needs to consider the wealth of natural resources, such as agriculture, fisheries, and locally based tourism sectors, so that the development carried out is inclusive and sustainable.



Arsyad (2015) emphasized the importance of the role of local government and communities in managing local resources, forming partnerships with the private sector, and creating new jobs. This is relevant to the conditions of South Aceh, which requires synergy between local actors in managing regional potential, especially in developing a people-based economy.

Regional economic development involves the establishment of new institutions, the development of alternative industries, increasing workforce capacity, and identifying new markets. The goal is to increase the number and types of job opportunities for local communities. Therefore, local governments together with communities need to actively explore and map their potential to design development that is in accordance with local needs (Arsyad, 2015).

Economic Growth

Economic growth is defined as an increase in output per capita in the long term, influenced by capital accumulation, technological progress, and improvement in the quality of the workforce (Jhingan, 2012). In the context of South Aceh, economic growth can be accelerated by increasing the productivity of leading sectors such as agriculture and home industry.

Sukirno and Sadono (2016) stated that one of the main indicators of economic growth is the growth rate of Gross Regional Domestic Product (GRDP) at constant prices. GRDP reflects the process of increasing output per capita over a certain period and is an important reference in evaluating the effectiveness of regional economic policies. Therefore, the analysis of economic growth in South Aceh should pay attention to the sectoral GRDP trend, in order to identify the sectors that are the main drivers of growth.



Basic and Non-Basic Sectors of the Economy

The economic base theory explains that the economic growth of a region is largely determined by the region's ability to export goods and services outside its region. The base sector is a sector that serves demand outside the region and has a direct contribution to increasing regional income (Arsyad, 2015).

Tarigan (2015) groups economic activities into two, namely basic and non-basic sectors. To identify basic sectors in South Aceh, Location Quotient (LQ) analysis can be used to determine sectors that have comparative advantages. For example, if the fisheries sector has an LQ value of more than 1, then the sector is classified as a basic sector that has the potential to be developed further.

In contrast, the non-basic sector serves local needs and includes the trade, services, and construction sectors. Although its contribution is not direct to exports, this sector still plays an important role in supporting the regional economy because it provides infrastructure and supporting services for the basic sector (Hutapean, 2020). In South Aceh, synergy between the basic and non-basic sectors is important to create a stable and sustainable regional economic structure.

Leading and Potential Sectors

The leading sector is an economic sector that has high added value, multiplier effect, and local and export competitiveness (Mawardi, 2017). Identifying leading sectors is the main strategy in designing regional economic development based on local excellence. In South Aceh, the organic agriculture, capture fisheries, and marine tourism sectors have the potential to become leading sectors if supported by appropriate policies and infrastructure.

To determine the leading and potential sectors, the Location Quotient (LQ) and Shift-Share Analysis approaches are used to assess the sector's contribution



to GRDP, the ability to absorb labor, and the interrelationships between sectors (Sudirman & Alhudori, 2018). Rizal (2020) added that potential sectors are sectors that are able to compete with similar sectors in other regions. Therefore, in the context of South Aceh, mapping potential sectors is very important as a basis for making development decisions, especially in compiling local economic development programs based on regional advantages.

RESEARCH METHOD

This research is a quantitative descriptive study that aims to provide an overview of the characteristics of potential economic sectors based on statistical data. The quantitative approach was chosen because the data analyzed were in the form of numbers, especially Gross Regional Domestic Product (GRDP) data from the Central Statistics Agency (BPS) of South Aceh Regency and Aceh Province for the period 2019–2023.

To identify the leading sectors comprehensively, three analysis methods are used, namely Location Quotient (LQ), Shift Share, and Klassen Typology. These three methods complement each other in analyzing the potential and dynamics of the regional economic sector.

- a. LQ is used to identify the base sector, which is a sector that has a comparative advantage because its proportion is greater in the region compared to the province. This is important to determine the main driving sectors of the local economy.
- b. Shift Share is used to assess the dynamics of sector growth and determine whether the sector is growing due to national influence or local advantages, thus providing an overview of the competitive advantages of a sector.



- c. The Klassen typology is used to group sectors based on their contribution and growth rate, so as to identify which sectors are included in the advanced and fast-growing, developing, or lagging categories.

Location Quotient (LQ) Analysis

Location Quotient (LQ) analysis is used to determine the basic and non-basic sectors in South Aceh Regency. This method is a common approach used in basic economic models as an initial step to understand the sectors of activity that drive regional economic growth. LQ measures the level of specialization of an economic sector in a particular region compared to a reference region, in this case Aceh Province. The LQ value is calculated by comparing the proportion of GRDP of a particular sector to the total GRDP of the district with the proportion of the same sector to the total GRDP of the province. If the LQ value is greater than 1, then the sector is classified as a basic sector that has the potential to be developed as a driver of the regional economy. Conversely, if the value is less than 1, then the sector is considered a non-basic sector. The data used comes from the GRDP of South Aceh Regency and Aceh Province in 2019–2023, based on constant prices. To obtain the LQ value, use a method that refers to the formula proposed by (Kuncoro, 2018) as follows:

$$LQ = \frac{\left(\frac{X_i}{X_t}\right)}{\left(\frac{V_i}{V_t}\right)}$$

Information:

- X_i = GRDP of sector i in South Aceh Regency
- X_t = Total GRDP of South Aceh Regency
- V_i = GRDP of sector i in Aceh Province
- V_t = Total GRDP of Aceh Province



Shift Share Analysis

This method is used to determine the causes of changes in the regional economic structure. Shift Share Analysis is used to determine changes and shifts in sectors in the economy of South Aceh Regency. It consists of three components: provincial share, proportional shift, and differential shift. If the Differential Shift value is positive, it means that the sector has a competitive advantage. To calculate the shift, share value, use the following formula:

1. **Provincial Share (PS):**

$$PS = E_{i0} \times g$$

2. **Proportional Shift (PSh):**

$$PSh = E_{i0} \times (g_i - g)$$

3. **Differential Shift (DSh):**

$$DSh = (E_{i1} - E_{i0}) - PS - PSh$$

Information:

- E_{i0} = GRDP value sector i early year (2019)
- E_{i1} = GRDP value sector i end of year (2023)
- g = Total provincial economic growth
- g_i = Growth of sector i in the province

A. Class Typology Analysis

Klassen Typology groups economic sectors into four quadrants based on two indicators: growth rate and contribution to GRDP. The goal is to identify priority sectors that are worth developing. The following is the classification/cluster division in Klassen Typology:



Table 1.

Classification/Cluster Klassen Typology Analysis

Quadrant	Criteria	Sector Category
Quadrant I	$r_i > r$ and $y_i > y$	Prime Sector
Quadrant II	$r_i < r$ and $y_i > y$	Potential Sectors
Quadrant III	$r_i > r$ and $y_i < y$	Emerging Sectors
Quadrant IV	$r_i < r$ and $y_i < y$	Underdeveloped Sector

Source: (Widodo in Rohman, 2022)

Information:

r_i = growth rate of sector i

r = GRDP growth rate

y_i = contribution value of sector i

y = average GRDP

This analysis helps in linking the quadrant results to development strategies, as sectors in Quadrant I are the top priority in economic planning, while sectors in Quadrant IV require intervention for improvement.

RESULTS AND DISCUSSION

Analysis of Potential and Non-Potential Economic Sectors in Encouraging Regional Economic Development in South Aceh Regency

South Aceh Regency is a region in the southern part of Aceh Province that has great potential in regional economic development due to its wealth of natural resources. The economy of South Aceh consists of 17 economic sectors, including: agriculture, forestry and fisheries; mining and quarrying; processing industry; electricity and gas supply; water and waste management; construction; trade; transportation; accommodation and food and beverage; information and



communication; finance; real estate; corporate services; government administration; education; health; and other services. In South Aceh Regency, which give the biggest role in advancing the economy, namely the agricultural sector. The data used in this study are the Gross Regional Domestic Product (GRDP) data of South Aceh Regency and the GRDP of Aceh Province obtained from the Central Statistics Agency from 2019 - 2023, which aims to determine the potential economic sectors in South Aceh Regency. Table 2. below shows the nominal contribution value of each sector.

Table 2.
Gross Regional Domestic Product of South Aceh Regency Based on Current Prices by Business Field (Million Rupiah) 2019–2023

No	Field of Business	2019	2020	2021	2022	2023
1	Agriculture, forestry, fisheries	1,380,451.2	1,431,053.8	1,566,335.9	1,774,994.4	2,136,244.4
2	Mining and quarrying	157,237.4	158,311.7	178,294.7	184,804.2	187,247.4
3	Processing industry	170,574.8	160,216.8	195,486.7	219,313,	222,497.9
4	Procurement of electricity and gas	4,462.2	4,486.4	4,526.1	4,743.2	5,014.4
5	Water supply, waste processing and recycling	1,267.5	1,401.7	1,516.3	1,686.7	1,793.0
6	Construction	906,229.6	953,520.1	1,006,731.1	1,062,101.3	1,130,685.5
7	Wholesale and retail trade of car & motorcycle repairs	854,595.8	848,845.7	900,228.9	975,762.2	1,062,964.0



8	Transportation and warehousing	270,946.1	215,754.9	243,873.0	277,034.5	304,313.5
9	Provision of accommodation and food and drink	28,766.5	26,727.4	28,225.4	35,768.0	36,787.3
10	Information and communication	247,749.1	267,112.2	272,165.1	291,247.6	303,568.6
11	Financial and insurance services	128,070.2	128,516.9	137,081.7	145,355.4	145,159.2
12	Real estate	218,283.5	217,651.4	228,857.1	241,603.4	253,472.5
13	Company services	30,906.4	28,268.1	28,437.0	33,778.2	35,019.9
14	Government administration, and compulsory social security	723,769.8	716,402.9	778,178.5	766,406.6	768,927.0
15	Educational services	183,323.6	190,093.8	203,803.7	214,605.3	209,771.9
16	Health services and social activities	94,846.4	101,088.0	111,640.2	125,702.1	132,626.9
17	Other services	77,945.6	81,302.8	84,471.8	91,610.9	98,363.8
GRDP		5,479,425.7	5,530,754.6	5,969,853.4	6,446,517.8	7,034,457.2

Source: (Central Bureau of Statistics, 2019-2023)

**Table 3.**

Distribution of Percentage of Gross Regional Domestic Product of South Aceh Regency Based on Current Prices According to Business Field (Million Rupiah) in 2019–2023

No	Field of Business	2019	2020	2021	2022	2023
1	Agriculture, forestry, and fisheries	25.19	25.85	26.24	27.53	30.37
2	Mining and quarrying	2.87	2.86	2.99	2.87	2.66
3	Processing industry	3.11	2.90	3.27	3.40	3.16
4	Procurement of electricity and gas	0.08	0.08	0.08	0.07	0.07
5	Water supply, waste processing and recycling	0.02	0.03	0.03	0.03	0.03
6	Construction	16.54	17.24	16.86	16.48	16.07
7	Wholesale and retail trade of car & motorcycle repairs	16.50	15.35	15.08	15.14	15.11
8	Transportation and warehousing	4.94	3.90	4.09	4.30	4.33
9	Provision of accommodation and food and drink	0.52	0.48	0.47	0.55	0.52
10	Information and communication	4.52	4.83	4.56	4.52	4.32
11	Financial and insurance services	2.34	2.32	2.30	2.25	2.06
12	Real estate	3.98	3.94	3.83	3.75	3.60
13	Company services	0.56	0.51	0.48	0.52	0.50
14	Government administration, and compulsory social security	13.21	12.95	13.04	11.89	10.93
15	Educational services	3.35	3.44	3.41	3.33	2.98
16	Health services and social activities	1.73	1.83	1.87	1.95	1.89



17	Other services	1.42	1.47	1.41	1.42	1.40
GRDP		100.00	100.00	100.00	100.00	100.00

Source: (Central Bureau of Statistics, 2019-2023)

Based on Tables 2. and 3, the agricultural sector shows a significant growth trend during the 2019–2023 period, with a contribution reaching 30.37% in 2023. This indicates that this sector is still the backbone of the regional economy. However, the mining and quarrying sector has stagnated and even declined in contribution, allegedly due to the decline in global commodity prices and the lack of supporting infrastructure investment.

External factors such as global market price fluctuations and environmental control policies from the central government also affected the growth of this sector. In addition, the COVID-19 pandemic that occurred during the period also had a significant impact on the services and trade sectors.

Location Quotient (LQ) Analysis

Based on the calculation value of the LQ analysis carried out on the nine economic sectors in the Regency in 2019-2023 with reference to constant prices, the results obtained can be seen in Table 4 below.

Table 4
Results of Location Quotient (LQ) Index Calculation for South Aceh Regency
2019 – 2023

No	Field of business	2019	2020	2021	2022	2023
1	Agriculture, forestry, and fisheries	1.56	1.44	1.48	1.51	1.45
2	Mining and quarrying	0.29	0.33	0.33	0.26	0.02
3	Processing industry	1.41	1.75	1.96	2.18	2.22
4	Procurement of electricity and gas	0.62	0.60	0.60	0.61	0.62



5	Water supply, waste processing and recycling	0.73	0.70	0.69	0.71	0.73
6	Construction	1.10	1.01	0.90	0.82	0.91
7	Wholesale and retail trade	0.74	0.68	0.71	0.51	0.73
8	Transportation and warehousing	0.33	0.31	0.32	0.31	0.33
9	Provision of accommodation and food and drink	0.42	0.43	0.51	0.56	0.63
10	Information and communication	0.39	0.37	0.38	0.38	0.39
11	Financial and insurance services	0.68	0.66	0.62	0.62	0.63
12	Real estate	0.85	0.78	0,74	0.71	0.72
13	Company services	0.22	0.22	0.25	0.26	0.26
14	Government administration and compulsory social security	1.29	1.21	1.16	1.12	1.14
15	Educational services	1.28	1.20	1.14	1.08	1.09
16	Health services and social activities	1.43	1.35	1.33	1.29	1.29
17	Other services	0.34	0.32	0.31	0.30	0.30

Source: (Data Processed, 2025)

Based on the results of the Location Quotient (LQ) calculation in 2019–2023, six basic sectors or leading sectors can be identified in South Aceh Regency. These sectors include: agriculture, forestry, and fisheries with an average LQ of 1.48; processing industry with the highest value of 2.22; government administration, defense, and mandatory social security of 1.29; education services of 1.29; health services and social activities of 1.35; and the construction sector with an average LQ of 1.10.



These sectors are categorized as basic sectors because they have a significant contribution to the regional economy, are able to meet the needs of the region, and have the potential to produce surpluses that can be exported outside the region. Meanwhile, other sectors such as mining and quarrying (LQ 0.33), information and communication (LQ 0.38), and other services (LQ 0.30) are included in the non-basic sector category because their contribution to the economic development of South Aceh Regency is relatively low. The low LQ value of the mining sector indicates a lack of competitiveness, which can be caused by factors such as decreasing resource reserves, exploration restriction policies, or infrastructure damage due to natural disasters.

Shift-Share Analysis

The following are the results of the calculations for the three aspects Shift-Share leading sectors, consisting of Provincial Share (PS), Proportional Shift (P), and Differential Shift (D) in the Regency of South Aceh, can be seen in Table 5 below.

Table 5
Results of the Shift-Share Calculation for South Aceh Regency
2019 – 2023

No	Field of Business	Provincial Share (PS)	Proportional Shift (P)	Differential Shift (D)	Total (AY)
1	Agriculture, forestry, and fisheries	78.37	50.45	-9.50	119.32
2	Mining and quarrying	6.43	-22.05	-7.96	-23.58
3	Processing industry	19.77	-55.94	85.35	49.18
4	Procurement of electricity and gas	1.58	2.91	3.65	2.32



5	Water supply, waste processing and recycling	3.99	6.37	2.00	12.36
6	Construction	19.48	7.4	-25.48	1.4
7	Wholesale and retail trade	21.68	6.86	8.38	36.92
8	Transportation and warehousing	4.94	-9.01	7.29	3.22
9	Provision of accommodation and food and drink	8.63	2.02	5.90	16.55
10	Information and communication	2.68	-3.66	1.13	0.15
11	Financial and insurance services	2.04	1.30	-6.91	-3.57
12	Real estate	5.71	9.86	-7.15	8.42
13	Company services	2.58	2.34	6.02	5.52
14	Government administration, and compulsory social security	18.75	38.11	-16.97	39.89
15	Educational services	5.15	11.94	-6.79	10.3
16	Health services and social activities	6.94	11.38	-4.03	14.29
17	Other services	8.15	1.11	-5.80	3.46

Source: (Processed Data, 2025)

Based on the results of the Shift-Share analysis of the GRDP of South Aceh Regency in 2019–2023, it can be seen that the Proportional Shift (P) values in several sectors show positive figures, which means that the sector is growing faster than the same sector at the Aceh Province level. There are 13 sectors with



positive P values, including: agriculture; electricity and gas supply; water, waste, and recycling management; construction; trade; accommodation and food and beverage; financial services and insurance; real estate; corporate services; government administration; education; health and social activities; and other services. Conversely, there are 4 sectors with negative P, namely: mining and quarrying; water supply; transportation and warehousing; and information and communication, which are growing slower than similar sectors at the provincial level. This decline could be caused by external factors such as commodity prices and other possible causes including fluctuations in mineral prices, mining restriction policies, and environmental challenges.

Meanwhile, in the Differential Shift (D) component, there are 8 sectors with positive values indicating regional competitive advantages, namely: manufacturing industry; electricity and gas supply; water and waste management; trade; transportation; accommodation; information and communication; and corporate services. The other 9 sectors have negative D values, indicating competitive weaknesses, including the sectors: agriculture, mining, construction, financial services, real estate, government administration, education, health, and other services. From the analysis results, several strategies can be proposed:

1. Local governments can encourage investment in sectors that have potential but are underdeveloped, such as information and communication, by providing incentives for MSME digitalization and human resource training.
2. Revitalizing the Mining Sector with a sustainable approach and collaboration with investors, this sector can be maximized again.



3. Economic Diversification by reducing dependence on the agricultural sector by developing downstream industries based on agriculture, such as agricultural product processing.
4. Infrastructure improvement by increasing connectivity between regions through the construction of roads and logistics facilities to support the trade and transportation sectors.
5. Strengthening resilience to disasters, considering that Aceh is a disaster-prone area, adaptive policies to disaster risks need to be included in economic development plans.

Class Typology Analysis

Based on the business fields in South Aceh Regency, using Class Typology analysis as the calculation results are shown below.

Table 6
Results of Classification Typology Analysis of Economic Sectors in South Aceh Regency 2019 – 2023

No	Field of Business	Aceh Province		South Aceh Regency		Quadrant	Information
		S	Sc	Si	Ski		
1	Agriculture, forestry, and fisheries	0.040	28%	0.066	1%	1	Agriculture, forestry, and fisheries
2	Mining and quarrying	0.017	15%	0.010	21%	2	Mining and quarrying
3	Processing industry	0.027	7%	0.00	0.0%	3	The processing industryland
4	Procurement of electricity and gas	0.064	0.2%	0.092	0.4%	4	Procurement of electricity and gas



5	Water supply, waste processing, and recycling	0.085	0.03 %	0.101	0.1 %	5	Water supply, waste processing, and recycling
6	Construction	-0.037	7%	-0.057	12	6	Construction
7	Wholesale and retail trade	-0.012	5%	0.033	2%	7	Wholesale and retail trade
8	Transportation and warehousing	0.027	7%	0.00	0.0 %	8	Transportation and warehousing
9	Provision of accommodation and food, and drink	0.054	1%	0.050	3%	9	The Pendian accommodation and food, and drink
10	Information and communication	0.050	4%	0.034	8%	10	Information and communication
11	Financial and insurance services	0.055	2%	0.054	3%	11	Financial and insurance services
12	Real estate	0.055	4%	0.083	7%	12	Real estate
13	Company services	0.042	1%	0.041	2%	13	Company services
14	Government administration and security are mandatory	0.049	9%	0.052	21%	14	Government administration and compulsory social security
15	Educational services	0.080	3%	0.086	6%	15	Educational services
16	Health services and social activities	0.068	3%	0.080	4%	16	Health services and social activities
17	Other services	0.057	1%	0.069	2%	17	Other services

Source: (Processed Data, 2025)



Table 7

Conclusion of Klassen Typology Analysis Results

<p>Quadrant I</p> <p>Advanced and Rapidly Growing Sector</p> <ol style="list-style-type: none"> 1. Electricity and Gas Procurement 2. Water Supply 3. Real Estate 4. Government administration and compulsory social security 5. Educational services 6. Health services and social activities 7. Other services. 	<p>Quadrant II</p> <p>Advanced but depressed sector</p> <ol style="list-style-type: none"> 1. Provision of Accommodation, Food, and Beverages. 2. Mining and quarrying 3. Company 4. Information and communication 5. Financial and insurance services
<p>Quadrant III</p> <p>Potential Sector or still able to develop</p> <ol style="list-style-type: none"> 1. Agriculture, Forestry, and Fisheries 2. Construction 3. Wholesale and retail trade 	<p>Quadrant IV</p> <p>Relatively lagging sector</p> <ol style="list-style-type: none"> 1. Processing industry 2. Transportation and warehousing

Source: (Processed Data, 2025)

Based on the Location Quotient (LQ) analysis for 2019–2023, there are six basic sectors in South Aceh Regency, namely: agriculture, processing industry, government administration, education, health, and construction, with an LQ value > 1. This finding is in line with previous research showing that these sectors are able to meet regional needs and have export potential. In contrast, sectors such



as mining, information, and other services have an LQ value <1 , indicating that they are still lagging behind.

Shift Share analysis shows that 13 sectors have positive proportional growth, while 4 sectors are negative. For Differential Shift, there are 8 sectors with positive values and 9 sectors are negative. This illustrates the leading sectors and sectors that need to increase their contribution to the regional economy.

CONCLUSION

Based on the analysis results during the 2019–2023 period, there are six main base sectors in this region according to LQ, namely: agriculture (LQ 1.48), processing industry (2.22), government (1.29), education (1.29), health (1.35), and construction (1.10). These sectors have a strategic role in driving the local economy. For example, superior processing industries can be optimized through investment, improving human resources, and strengthening the supply chain.

The results of the Shift-Share Analysis show that sectors such as agriculture, industry, electricity-gas, trade, transportation, corporate services, education, and health experienced positive growth. In contrast, the mining, information-communication, and several service sectors showed less competitive performance.

Improvement efforts are needed in lagging sectors, such as strengthening governance (mining), developing digital infrastructure and human resources (information communication), and service innovation in the service sector. With the right strategy, all sectors can contribute optimally to regional economic development.

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