



Analysis of Regional Potential Based on the Agricultural Sector in Economic Development in Ambon City

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ABSTRACT

The purpose of this study is to evaluate the agricultural sector's potential to support Ambon City's economic growth. In the context of increasingly important local economic empowerment, this study focuses on research on whether the agricultural sector functions as a base sector for the regional economy and how its transformation compares to Maluku Province. The method used in this study is quantitative descriptive, namely research that describes data systematically and accurately because the data obtained is based on official publications, such as the Central Statistics Agency of Ambon City. Data analysis used is through Location Quotient (LQ) analysis and shift share analysis. The results of this analysis, the agriculture, forestry, and fisheries sectors in Ambon City show an average Location Quotient (LQ) value <1 , which indicates that this sector is included in the non-base category among the 17 sectors analyzed

INTRODUCTION

Development is an effort to make planned changes that cover all dimensions of life towards a better order of life in the future. One aspect that is highlighted in development is economic development both at the central and regional levels. According to Bembok et al. (2020), regional economic development is the process by which society mobilizes its resources by establishing a pattern of partnership between the private sector and the local government in order to promote economic development and create new jobs in the area.

Regional economic development in Indonesia is increasingly important along with government efforts to improve people's standard of living through the development of regional potential. Maluku Province's capital, Ambon City, is rich in natural resources, particularly in the field of agriculture. The agricultural sector in Ambon City not only functions as a food provider, but also as one of the sectors that makes a significant contribution to the regional economy. With a long history as a spice producing area, the agricultural sector in Ambon has a great opportunity to play a role in economic growth and job creation.

According to (Hasanah et al., 2021) the rate of economic development of a region can be indicated by the value of Gross Regional Domestic Product (GRDP) from year to year. The distribution of the percentage of GRDP by sector shows the role of each sector in the economy as a whole. The greater the percentage of a sector, the greater its influence on the economic development of a region.

The GRDP value is very much needed by the government in making policy considerations that support economic growth. The GRDP value changes every year due to various factors including Regional Original Income (PAD), General Allocation Fund (DAU), Revenue Sharing Fund (DBH), Foreign Investment (PMA), Domestic Investment (PMDN), local government spending, and labor. One of the impacts of these factors is a change in the economic structure of a region. This change is marked by a decrease in the contribution rate of the primary sector share (agriculture), an increase in the share of the secondary sector (industry) and the share of the tertiary sector (services) (Hasanah et al., 2021). Ambon City is one of the regencies affected by this factor. Ambon City, Maluku is the largest spice producing area in Indonesia.

However, although the agricultural sector has great potential, various challenges in the management and development of this sector often hamper its performance. Data shows that the agricultural sector in Ambon City has experienced a decline in contribution to Gross Regional Domestic Product (GRDP) compared to other sectors, such as industry and services. This raises important questions about the feasibility of the agricultural sector as a basic sector in the regional economy and how this sector can be maintained and improved within the framework of sustainable development.

LITERATURE REVIEW

In this context, this study aims to analyze the potential of agricultural sector-based areas in economic development in Ambon City. With an emphasis on the analysis of potential locations and changes in economic structure, this study is expected to produce useful recommendations for policy makers in designing more effective development strategies. Through a comprehensive approach, this study will not only provide insight into the dynamics of the agricultural sector in Ambon City, but also underline the importance of empowering this sector in realizing inclusive and sustainable economic growth.

METHODOLOGY

The method used in this study is quantitative descriptive, namely research that describes data systematically and accurately because the data obtained is based on official publications, such AS the Central Statistics Agency of Ambon City.

This study aims to explain and analyze the role and potential of the agricultural sector in economic development in Ambon City.

In this study, the data used is secondary data, obtained through official publications, such AS the Central Statistics Agency of Ambon City. The secondary data taken includes data on the PDRB of Ambon City, and data on the growth rate of the PDRB of Maluku Province, in the last lima years from 2019-2023.

LQ analysis is used to show how strong a sector or industry is in a region and to find out which sector is superior in a region (Wiratmaja, SW 2018). The results of the LQ calculation will then be categorized into three categories, namely:

1. $LQ > 1$, that means that the role of the agricultural quarter in Ambon City is extra distinguished than the role of the arena nationally. This indicates that the agricultural region has come to be the premise or supply of growth within the Ambon town vicinity. The results of the agricultural region have been able to meet the desires of its own place and the excess may be bought to different regions.
2. $LQ = 1$, meaning that the position of the rural area in Ambon metropolis is pretty prominent in Ambon metropolis and is often an illustration that the region has been capable of meet its personal local wishes however there has no longer been a surplus so that it can't be sold to other areas.
3. $LQ < 1$, that means that the function of the agricultural quarter in Ambon citu is smaller than he function of the arena nationally, which means that the agricultural zone is protected inside the non-basic region. The consequences of the rural sector are not enough to fulfil the wishes in the region itself in order that components from outdoor the place are wished.

According to Tarigan (2004), shift share analysis compares the differences in increase prices of numerous sectors in a region with the growth price on the country wide degree. Meanwhile, Arsyad (1999) stated that this analysis provides information on economic performance in three interrelated components, namely the first component is provincial growth

(national/provincial growth component or regional share). With that, it can be used to see a structure or relative position in a region in relation to overall economic growth in the region that covers it. Second, sectoral growth (industrial mix component or proportional shift) is a tool to measure the level of economic growth and production growth in a region is faster or slower than national production growth due to the high concentration of industry (regional sector).

Third, the growth of a region's competitiveness (competitive effect component or different shift). This third component can measure the competitiveness of a sector in a region compared to the growth of the same sector in other regions. This different shift occurs due to an boom or lower in output in a area as a result of the comparative advantage of get entry to to enter and output markets and financial infrastructure.

RESULTS AND DISCUSSION

Location Quotient (LQ) Analysis

To identify which economic sectors are part of the base sector and which are not, Location Quotient (LQ) analysis is utilized. The following are the outcomes of the LQ computation for every Ambon City sector:

Table 1. Location Quotient (LQ) Values for 2019-2023

No	Sector	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	Average
1	Agriculture, Forestry and Fisheries	0.21	0.22	0.22	0.22	0.22	0.22
2	Mining and Quarrying	0.11	0.11	0.12	0.13	0.13	0.12
3	Processing industry	0.68	0.68	0.61	0.58	0.52	0.61
4	Electricity, Gas Procurement	1.82	1.88	1.88	1.88	1.98	1.89
5	Water Supply, Waste Management, Waste and Recycling	1.85	1.86	1.86	1.91	1.94	1.88
6	Construction	0.68	0.69	0.68	0.68	0.69	0.68
7	Wholesale and Retail Trade, and Repair of Motor Vehicles and Motorcycles	1.50	1.51	1.51	1.50	1.52	1.51
8	Transportation and Warehousing	1.90	1.91	1.92	1.94	1.93	1.92
9	Provision of Accommodation and Food and Beverages	1.73	1.73	1.70	1.69	1.69	1.71
10	Information and Communication	2.34	2.36	2.34	2.35	2.37	2.35

11	Financial Services and Insurance	1.80	1.84	1.83	1.84	1.86	1.84
12	Properties	0.93	0.94	0.91	0.91	0.92	0.92
13	Corporate Services	1.90	1.93	1.92	1.93	1.94	1.92
14	Government Administration, Defense and Compulsory Social Security	1.11	1.12	1.11	1.12	1.13	1.12
15	Education Services	0.97	0.98	0.98	0.98	0.99	0.98
16	Health Services and Social Activities	0.48	0.50	0.50	0.51	0.51	0.50
17	Other services	1.16	1.18	1.17	1.19	1.20	1.18

Source: Processed Data

The basic sectors in Ambon City can be identified based on the LQ value calculation results shown in the above table.

Based on the calculation results of the average LQ from 2019 to 2023 which is more than one ($LQ > 1$) and is a basic sector, including the electricity, gas procurement sector; water procurement, waste management, waste, and recycling sector; wholesale and retail trade sector, as well as car and motorcycle repair; transportation and warehousing sector; accommodation and food and beverage provision sector; information and communication sector; financial services and insurance sector; corporate services sector; government administration, defense, and mandatory social security sectors, and other service sectors. Sectors that obtain an LQ value of less than one ($LQ < 1$) are not basic sectors in Ambon City, including the agriculture, forestry, and fisheries sector; mining and quarrying sector; manufacturing industry sector; construction sector; real estate sector; education services sector; and health services and social activities sector.

Based on the analysis results, the agriculture, forestry, and fisheries sector in Ambon City showed an average Location Quotient (LQ) value of 0.22, indicating that this sector is included in the non-basic category among the 17 sectors analyzed. This indicates that, in comparison to other industries, this sector's contribution to the regional economy is comparatively smaller. This low LQ value suggests that the contribution of the agricultural, forestry, and fisheries sector to the area economy is not comparable to other existing sectors. In this context, the sector may not yet have strong enough competitiveness to meet regional needs or has not made a significant contribution to job creation and community income. In other words, Despite the fact that this sector is crucial to food security and biodiversity, the challenges in increasing its productivity and competitiveness need to be addressed immediately so that it can transform into a more sustainable sector and provide greater economic benefits for the people of Ambon City.

Shift Share Analysis

To ascertain the economic growth process of a region with a larger area, shift share analysis is utilized.

To ascertain the economic growth process of a region with a larger area, shift share analysis is utilized, in this case Ambon City with Maluku Province. The results of the Shift Share calculation are in the following table:

Table 2. Shift Share Calculation Results for 2019-2023

No	Economic Sector	National Share	Industrial Mix	Competitive Position	Shift Share
1	Agriculture, Forestry and Fisheries	2,026,775.43	68,719.34	-340,738.08	1,754,757
2	Mining and Quarrying	107,776.03	-149,284.92	143,549.46	102,041
3	Processing industry	1,410,331.04	1,660,084.88	-2,502,111.04	568,305
4	Electricity, Gas Procurement	78,072.41	35,930.10	26,538.99	140,542
5	Water Supply, Waste Management, Waste and Recycling	342,608.69	-27,970.33	70,921.64	385,560
6	Construction	1,917,309.70	54,671.82	-97,480.02	1,874,501
7	Wholesale and Retail Trade, and Repair of Motor Vehicles and Motorcycles	8,835,729.97	763,407.07	206,375.92	9,805,513
8	Transportation and Warehousing	3,723,129.52	- 2,208,950.04	-114,975.12	1,399,204
9	Provision of Accommodation and Food and Beverages	1,082,535.20	-655,501.01	-301,571.58	125,463
10	Information and Communication	3,814,734.41	1,109,683.79	-67,679.95	4,856,738
11	Financial Services and Insurance	2,878,017.84	247,973.97	421,375.04	3,547,367
12	Real Estate	112,696.66	-27,356.43	-16,647.37	68,693
13	Corporate Services	757,825.88	-2,159.65	197.26	755,863

14	Government Administration, Defense and Compulsory Social Security	9,091,936.72	- 1,881,962.67	875,744.00	8,085,718
15	Educational Services	2,231,978.81	112,761.45	156,709.64	2,501,450
16	Health Services and Social Activities	450,565.58	312,466.42	140,050.94	903.083
17	Other services	780,534.29	-74,550.31	150,381.79	856,366
	Total	39,642,558	-662,037	-1,249,358	37,731,163

Source: Processed Data

A. National Share

The national share value means the role of the provincial economy towards the regional economy in a certain period. As can be shown from the above Shift Share computation table, overall, the economic growth component (Shift Share) of Ambon City is 37,731,160 (million rupiah). This amount is smaller than the total growth of Maluku Province, which is 39,642,558 (million rupiah). This can be interpreted that the growth of Ambon City's GRDP is still below the growth of Maluku Province's GRDP.

If the sectoral Shift Share value is greater than the sectoral national share value, it means that the sector has a GRDP growth above the GRDP of Maluku Province. Sectors that have a Shift Share value greater than the national share include the electricity and gas procurement sector; waste management, waste and recycling sector; wholesale and retail trade sector, and car and motorcycle repair; information and communication sector; financial services and insurance sector; education services sector; health services sector and other service sectors. Meanwhile, sectors that have GRDP growth below the GRDP of Maluku Province include the agriculture, forestry and fisheries sector; mining and quarrying sector; manufacturing industry sector; construction sector; transportation and warehousing sector; accommodation and food and beverage sector; real estate sector; corporate services sector; government administration, defense and mandatory social security sector; and health services and social activities sector.

B. Industrial Mix (Proportional Shift)

The industrial mix is a metric used to quantify the extent of the net shift brought about by Ambon City's industrial sector makeup. It is evident from the above Shift Share computation table that Ambon City's industrial mix contributes negatively to the Maluku economy in a number of areas, including mining and excavation; water supply, waste management, waste and recycling sector; transportation and warehousing sector; accommodation and food and beverage provision sector; real estate sector; corporate services sector; government

administration, defense and mandatory social security sector; and other service sectors.

Meanwhile, sectors that have positive values include the Agriculture, Forestry, and Fisheries sector; the Manufacturing Industry sector; the Electricity, Gas Procurement sector; the construction sector; the Wholesale and Retail Trade sector, and; the Information and Communication sector; the Financial Services and Insurance sector; the Education Services sector; the education services sector; and the Health Services and Social Activities sector. Sectors that have positive values mean that the sector has high growth in Ambon City compared to Maluku Province for similar sectors.

C. Competitive Position (Differential Shift)

Sectors that have a negative competitive position value mean that the sector is less competitive in Ambon City. These sectors include the agriculture, forestry, and fisheries sector; the processing industry sector; the construction sector; the transportation and warehousing sector; the accommodation and food and beverage provision sector; the information and communication sector; and the real estate sector.

Sectors in Ambon City that have a positive competitive position value, then the sector has a comparative advantage over similar sectors in Maluku Province. Competitive sectors include the mining and excavation sector; electricity, gas procurement sector; water procurement sector, waste management, waste and recycling; wholesale and retail trade sector, and car and motorcycle repair; financial services and insurance sector; corporate services sector; government administration, defense and; education services sector; health services and social activities sector; and other service sectors.

According to the above Shift Share calculation table, the industries with the highest values include information and communication, government administration, defense, and required social security, as well as wholesale and retail commerce and auto and motorcycle maintenance. While in the competitive position assessment, the largest value is occupied by the government administration, defense and mandatory social security sector; the financial services and insurance sector; and the wholesale and retail trade sector, and car and motorcycle repair. The agricultural sector received a negative value and even ranked 16th in competitive position from all sectors, meaning that the agricultural, forestry and fisheries sectors are sectors that are not competitive to be developed in Ambon City.

CONCLUSION AND RECOMMENDATION

1. According to the findings of the LQ method analysis of Ambon City's GRDP at Constant Prices for 2019–2023, the agriculture, forestry, and fisheries sectors obtained a LQ value of less than one ($LQ < 1$), indicating that they are classified as non-basic sectors, have relatively limited growth potential, are less able to export outside the region, or contribute little to the local economy of Ambon City.
2. Based on the results of the Shift Share analysis of the agricultural sector, the industrial mix value $M > 0$ (positive) means that there is potential in the developing agricultural sector. And $C < 0$ (negative) indicates that the

agricultural sector in Ambon City has not been able to compete well in the market, so there needs to be intervention to increase competitiveness or further development.

FUTHER STUDY

This research still has a delay, so it is necessary to conduct further research on the topic of SAnalysis of Regional Potential Based on the Agricultural Sector in Economic Development in Ambon City to improve this research and add insight for readers

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