ECONOMIC POTENTIAL ANALYSIS
IN MALAKA REGENCY, EAST NUSA TENGGARA PROVINCE

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ABSTRACT. *Malaka Regency, East Nusa Tenggara Province is a newly formed region with various potential natural and human resources that have not been optimally developed. It has a type A Motamisin Cross-Border Post (PLBN), which is an official post that functions to support cross-border trade between countries. The purpose of this study is to analyze the economic structure, its shifts, and determine business field categories to increase economic growth in the border region. Using a quantitative descriptive design with the Location Quotient (LQ), Dynamic Location Quotient (DLQ), and Shift Share (SS) methods, and analyzing the relative position of business field categories. The final result is that there are 7 leading sectors or basic sectors. The results of the economic growth analysis (shift share) show that the primary sector category is Agriculture/Forestry/Fisheries, which grew by 5.93 percent, contributing 102,315.45 billion rupiah or 37.88 percent to the GRDP. The secondary sector, namely the construction sector, contributed 42.78 billion rupiah or 15.84 percent to the GRDP. The tertiary sector, namely transportation/warehousing, accounted for 24.43 billion rupiah, or 9.05 percent. Based on the classification of business sector development, eight sectors are categorized as having rapid growth, five as having potential (prospective), and four as developing. Social distancing due to the COVID-19 pandemic has impacted the movement and growth of the economy in Malaka Regency.*

Keywords: Analysis of Location Questions (LQ/DLQ), Shift Share, Power Competitiveness, GRDP

INTRODUCTION

Border areas are strategic regions that play a crucial role in maintaining national sovereignty and serving as gateways for the flow of goods, services, and people between countries. One such crucial border region in Indonesia is East Nusa Tenggara (NTT), which shares a direct border with Timor Leste and a maritime border with Australia. NTT's geographical location, consisting of numerous islands and its proximity to other countries, makes it a strategic location, yet it is also vulnerable to various challenges, both economic and social, as well as security and infrastructure development.

The Motamasin Cross-Border Post (PLBN) is one of three main land border crossings between Indonesia and Timor Leste. It has a Type A border crossing, serving as the main entry and exit point for both countries, in accordance with CIQSN (Customs, Immigration, Quarantine, and Security) requirements. It is the economic and social hub of the border region and a point of social and cultural integration between the two countries.

In general, development prioritizes economic development, leading to changes in social structures, with the benchmark for success being increased community welfare. One measure is local per capita regional income (GRDP), but this must be accompanied by poverty reduction, job creation, and addressing income inequality among individuals, community groups, and regions. The accelerated development program in border areas is an effort to reduce disparities, particularly in the 3T (frontier, outermost, and disadvantaged) regions, in order to increase the equity of development outcomes and national competitiveness

The Malaka Regency Government has continuously implemented development efforts through various comprehensive policy directions across all regions, villages, cities, and border areas, aimed at improving the quality of life. Its development policy priorities for 2024 are aimed at boosting regional competitiveness in the economic sector, improving human resources, bureaucratic governance, and regional infrastructure. Several specific challenges and limitations exist in the development of border areas, particularly in basic services such as education and health, and access to economic activities, including infrastructure (roads, bridges, and transportation facilities). Frequent power and internet outages also affect

services and security, and there's still minimal demand for promotion, especially in sectors like tourism, agriculture, and local handicrafts. These conditions certainly require government support and policies, both in terms of training and access to capital.

The existence of border crossing posts in the border region is crucial for conducting goods transactions to meet the needs of both countries, and has always been mutually beneficial. Goods exported to Timor-Leste consist of basic necessities and building materials, which are sold at high prices. The following data describes the characteristics of goods exported to Timor-Leste, including primary necessities such as instant noodles, mineral water, soft drinks, cooking oil, and instant coffee. Other goods include mattresses and rice threshers. Building materials include cement and reinforced concrete. Exported goods are shown in Table 1.

Table 1. Percentage Level of Dynamics of Goods Exported from Malaka Regency - Timor Leste Based on Commodities

Commodity	Amount				Percentage Change (%)			
	2018	2019	2020	2021	2018	2019	2020	2021
Cement	133	144	49	110	25%	8%	-66%	124 %
Mineral water	131	137	67	100	33%	6%	-70%	33%
Concrete	136	140	45	100	31%	4%	-95%	55%
Cooking oil	134	138	53	101	37%	4%	-85%	48%
Instant noodles	132	139	70	197	36%	7%	-69%	127 %
Mattress	0	142	95	95	-95%	-142%	-93%	46%
Soft drink	135	136	51	107	38%	1%	-85%	56%
Instant coffee	133	141	0	0	39%	8%	-141%	0%
Rice Thresher	0	0	48	98	0%	0%	48%	50%

Source: https://ejournal.undiksha.ac.id/index.php/JJPG

Based on the 2018-2022 Medium-Term Program Plan (RPJM) of Malaka Regency, the main advantages are in the agricultural sector and are economic in nature which can be optimized for increased economic growth. According to (Andreas, 2018) the position of the Motamasin PLBN plays a significant role in the community's economy, especially the increasing trade activity in agricultural and livestock commodities, such as candlenuts, corn, green beans, ducks and fish which are superior products marketed to Timor Leste.

The problem fundamental level poverty in NTT (District Malacca) which has not yet completed and become complex issues No only covers percentage and amount poor population, but also the level of the depth and severity of the cause poor people have difficulty release self from number poverty (Soegijoko in Aini & Islamy , 2021). The height number poverty in the Regency Malacca influenced by various factor structural and cultural, such as low level education, limitations access to service health and infrastructure base, dominance sector agriculture traditional with productivity low, and limited opportunity work in the formal sector. In addition that, condition less geographical and climatic support also participate to worsen resilience food and welfare society. The following data is related relatively height level poverty community in the Regency Malacca can seen in Table 2.

Table 2. Poverty Line, Number and Percentage of Poor Population in Malaka Regency, 2018–2022

Year	Poverty line (rupiah/capita/month)	Number of Poor People (thousands)	Percentage of Poor Population
2018	330,889	30.79	16.34
2019	348,919	30.83	16.12
2020	371,812	31.12	16, 04
2021	378,824	32.17	16.33

| 2022 | 419,292 | 30.48 | 15.26 |

Based on data analysis on the percentage poor people can made into policy reference in formulate more targeted intervention programs. Poverty in the regions is closely related to strengthening structure and management of the economic sector start from upstream to downstream (production, processing, to cross-border marketing). If developed appropriately and inclusively through a participatory approach and based on regional potential then its potential will not only reduce poverty levels, but also encourage economic growth based on local potential and regional markets. Study This aiming for analyze structure economy and determine category field business that is growing progress (rapid), potential (prospective), developing in effort increase economy in border areas Regency Malacca. So that needed review academic for analyze potential of the region optimize basic sectors so that the value export increases and is followed by an increase income public.

THINKING FRAMEWORK

Malaka Regency, as a border area in East Nusa Tenggara Province, holds a strategic position both geographically and economically. Its proximity to Timor Leste through the Motamasin PLBN makes this region a potential hub for cross-border economic activity. However, current economic development does not always reflect the true potential of the region's leading (basic) sectors. Empirical studies are needed to identify these regional base and leading sectors to promote inclusive and sustainable economic growth. Based on the above GRDP data price constant according to field effort, use show how much big concentration sector economy certain and rate growth in a area compared to with the provincial average. Measuring the relative advantages and dynamics of changes in the economic sector in encouraging local regional development (regional potential) to increase community income in increasing product exports and economic independence.
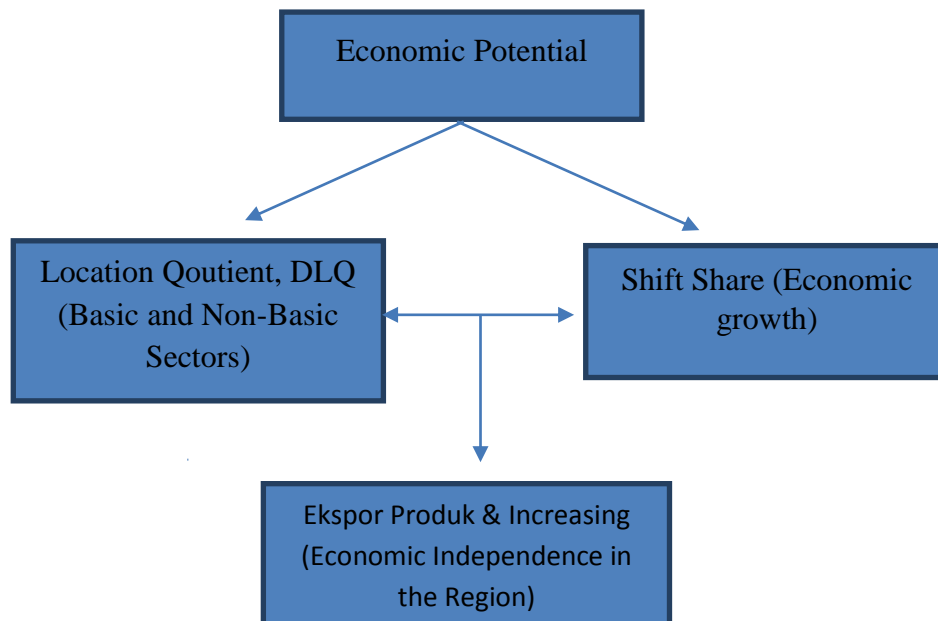

Figure 1. Economic Potential Analysis Chart Structure

METHOD

This research is a descriptive quantitative research, which aims to analyze the economic potential of the region (base sector) based on sectoral Gross Regional Domestic Product (GRDP) data, using a regional quantitative analysis approach, namely Location Quotient (LQ), Dynamic Location Quotient (DLQ), and Shift Share Analysis as well as analysis to position relatively sector Regional economy. Secondary data in

the form of GRDP of Malaka Regency by business sector at constant prices and GRDP data of East Nusa Tenggara Province as a comparison 2018-2022. Identifying sectors that have superiority competitive local, with compare rate growth economy a sector observation with economy in a way overall. Accommodate factor rate growth output sector economics and analysis shifts and changes structure economy area (district) with economy national (provincial) in distribution activity economy.

RESULTS AND DISCUSSION

A. Research result

1. **Gross Regional Domestic Product (GRDP) of Malaka Regency**

GRDP is an output factor (added value) in a region's economic growth that reflects the level of community welfare and productivity in a region. The collected data is the GRDP of NTT Province and Malaka Regency at Constant Prices for 2018-2022. Malaka Regency's GRDP is very small compared to the cumulative total of NTT Province, is very disproportionate in size, and indicates that the economy in Malaka Regency is still lagging behind. The following is the Gross Regional Domestic Product of East Nusa Tenggara and Malaka Regency for 2018-2022. The data can be seen in Table 3 and Table 4 below:

Table 3. Gross Regional Domestic Product of East Nusa Tenggara Province At Constant Prices by Industry (Billion Rupiah) 2018-2022

No	Business Field/ *Industry*	2018	2019	2020	2021	2022
	(1)	(2)	(3)	(4)	(5)	(6)
A	Agriculture, Forestry, and *Fishing*	17 837.8	18 496.0	18 680.6	19 601.9	20 341.7
B	Mining and *Quarrying*	908.5	938.7	813.6	829.0	846.5
C.	*Manufacturing* Industry	841.2	917.0	867.3	823.1	878.0
D	*Gas* Procurement	51.7	52.2	58.6	61.4	65.2
E	Water supply, Sewerage, Waste Management and Remediation *Activities*	42.9	45.3	48.0	53.4	54.5
F	Construction	7 254.9	7 576.0	6 832.3	7 311.4	7 262.2
G	*and* Retail Trade; Repair of Motor Vehicles and Motorcycles	7 785.4	8 382.0	7 880.4	8 216.9	8 798.3
H	Transportation and *Storage*	3 528.1	3 646.1	3 202.6	3 281.8	3 437.5
I	Provision of Accommodation and Food and Beverages/ *Accommodation and Food Service Activities*	492.8	524.5	381.7	399.9	473.5
J	Information and Communication/Information and Communication	5 794.3	6 118.1	6 849.7	7 040.6	7 354.4
K	Financial Services and Insurance/Financial and Insurance Activities	2 589.2	2 672.5	2 901.5	2 975.7	3 013.2
L	Real Estate/Real Estate Activities	1 657.9	1 657.8	1 632.3	1 680.8	1 731.3
M N	Corporate Services/Business Activities	175.0	181.7	110.4	94.2	97.4
O	Public Administration and Defence; Compulsory Social Security	8 482.8	9 175.6	9 598.9	9 267.6	9 444.9

No	Business Field/ *Industry*	2018	2019	2020	2021	2022
	(1)	(2)	(3)	(4)	(5)	(6)
P	Education Services	5 572.4	5 913.2	6 024.8	5 890.0	5 859.3
Q	Human Health and Social Work Activities	1 480.3	1 564.2	1 632.7	1 779.9	1 797.7
R,S ,T,U	Other Services Activities	1 434.0	1 528.0	1 294.3	1 233.0	1 239.4
Gross Regional *Domestic Product*		65 929.2	69 389.0	68 809.6	70 540.7	72 695.3

Table 4. Gross Regional Domestic Product of Malaka Regency On a Constant Price Basis. By Business Sector (Million Rupiah), 2018-2022

No	Business Field/ *Industry*	2018	2019	2020	2021	2022
	(1)	(2)	(3)	(4)	(5)	(6)
A	Agriculture, Forestry, and *Fishing*	710 053.42	737 942.47	752 816.29	782 576.66	828 943.73
B	Mining and *Quarrying*	20 046.76	20 689.63	21 107.66	21 418.73	21 907.99
C.	*Manufacturing* Industry	30 192.99	32 020.77	30 493.79	29 819.33	31 950.20
D	*Gas* Procurement	682.06	686.56	799.16	840.49	891.68
E	Water supply, Sewerage, Waste Management and Remediation *Activities*	171.13	179.84	192.61	217.54	224.54
F	Construction	205 164.91	215 377.77	213 088.76	227 955.16	227 077.93
G	*and* Retail Trade; Repair of Motor Vehicles and Motorcycles	70 876.33	75 623.89	74 907.27	78 010.55	84 187.31
H	Transportation and *Storage*	116 059.87	121 591.76	118 867.43	122 545.51	125 910.97
I	Provision of Accommodation and Food and Drink/ *Accommodation and Food Service Activities*	1 960.32	2 073.72	1 972.68	2 029.12	2 151.43
J	Information and Communication/Information and Communication	118 567.38	125 284.93	132 871.06	134 432.82	142 064.69
K	Financial Services and Insurance/Financial and Insurance Activities	22 947.73	23 426.92	25 835.31	26 583.63	26 850.88
L	Real Estate/Real Estate Activities	50 853.73	51 387.31	48 149.84	49 563.48	52 548.52
M N	Corporate Services/Business Activities	702.74	728.99	520.24	443.16	450.61
O	Public Administration and Defence; Compulsory Social Security	261 234.25	279 631.09	284 017.81	269 023.11	269 673.54
P	Education Services	91 343.45	96 424.68	97 720.37	95 514.80	95 373.48
Q	Health Services and Social Work	23 098.14	25 104.00	26 124.4	28 542.98	29 666.38

No	Business Field/ *Industry*	2018	2019	2020	2021	2022
	(1)	(2)	(3)	(4)	(5)	(6)
	Activities					
R,S , T,U	Other Services Activities	49 684.62	52 324.39	49 657.94	46 220.78	47 380.85
Gross Regional *Domestic Product*		1 773 639.82	1 860 498.71	1 879 142.65	1 915 737.84	1 987 254.72

GRDP at Constant Prices in 2023. https://malakakab.bps.go.id/indicator/52/32/1/pdrb-adhk.html

Based on Table 4, the total GRDP of Malaka Regency has consistently increased from 2018 to 2022. Meanwhile, the GRDP of each economic sector fluctuates year after year . This change in economic structure is also characterized by increases and decreases in GRDP across economic sectors.

The following data on the development of Malaka Regency's GRDP for 2018-2022 can be seen in Table 5 as follows:

Table 5. Development of Gross Regional Domestic Product (GRDP) of Malaka Regency 2018-2022

Year	GRDP (Billion Rupiah)	Development (%)
2018	1 773 639.82	5.11
2019	1,860,498.71	4.89
2020	1 879 142.65	1.02
2021	1 915 737.84	1.94
2022	1 987 254.72	3.73
Average GRDP	1,883,254.75	3.34

Source: Processed by researchers in 2024

Based on the data in the table. 5 shows the development of GRDP for 5 (five) years from 2018 to 2022. Overall, the average (*mean*) Gross Regional Domestic Product (GRDP) of Malaka Regency during the research period was IDR 1,883 billion, the average development of GRDP was 3.34 percent. The highest GRDP development occurred in 2018, which was 5.11 percent. Furthermore, the GRDP growth rate by business sector for 2018-2022 can be seen in table 6 below.

Table 6. Growth Rate of Gross Regional Domestic Product at Constant Prices of Malaka Regency by Industrial Sector (percent), 2018–2022

No	Business Field/ *Industry*	2018	2019	2020	2021	2022	Average
A	Agriculture, Forestry, and *Fishing*	4.27	3.93	2.01	3.95	5.93	4.02
B	Mining and *Quarrying*	6.87	3.21	2.02	1.47	2.28	3.17
C.	*Manufacturing* Industry	3.83	6.05	-4.77	-2.21	7.15	2.01
D	*Gas* Procurement	12.69	0.66	16.40	5.17	6.09	8.20
E	Water Supply, Sewerage, Waste Management and Remediation *Activities*	5.18	5.09	7.10	12.94	3.22	6.71
F	Construction	5.99	4.98	-1.06	6.98	-0.38	3.30
G	*and* Retail Trade; Repair of Motor Vehicles and *Motorcycles*	6.43	6.70	-0.95	4.14	7.92	4.85
H	Transportation and *Storage*	4.49	4.77	-2.24	3.09	2.75	2.57

No	Business Field/ Industry	2018	2019	2020	2021	2022	Average
I	Accommodation and Food Service Activities	8.26	5.78	-4.87	2.86	5.19	3.44
J	Information and Communication	3.67	5.67	6.06	1.18	5.63	4.44
K	Financial and Insurance Services/ Financial and Insurance Activities	1.16	2.09	10.28	2.90	1.00	3.49
L	Real Estate/ Real Estate Activities	4.69	1.05	-6.30	2.94	6.02	1.68
M N	Company Services/ Business Activities	2.31	3.74	-28.64	-14.82	1.68	-7.15
O	Public Administration and Defence; Compulsory Social Security	7.08	7.04	1.57	-5.28	0.24	2.13
P	Education Services	5.43	5.56	1.34	-2.26	-0.15	1.98
Q	Human Health and Social Work Activities	8.39	8.68	4.06	9.26	3.71	6.82
R,S,T,U	Other Services Activities	6.92	5.31	-5.10	-6.92	2.70	0.58
	Gross Regional Domestic Product	5.11	4.89	1.02	1.94	3.73	

Source: Processed by researchers in 2024

Based on the data in the table. As shown in Figure 6 above, the revival of economic growth in 2022, with growth above 5%, is supported by the Wholesale and Retail Trade, Car and Motorcycle Repair (7.92%), Manufacturing (7.15%), Electricity Supply (6.09%), Real Estate (6.02%), and the Agriculture/ Forestry/Fisheries sector (5.93%). Information and Communication (5.63%), Accommodation/Food/ Beverage Provision (5.19%). Furthermore, the services and economic policy packages of the central government in 2022 also contributed to the national economic growth.

Business sectors that experienced growth below five percent were the Health Services and Social Activities business sector (3.71%); the Water Supply, Waste Management, Waste and Recycling business sector (3.22%%); the Transportation and Warehousing business sector (2.75%); the Mining and Excavation business sector (2.28%); the Corporate Services business sector (1.68%); the Education Services business sector (1.13%); the Financial and Insurance Services business sector (1.01%); the Government Administration, Defense, and Security business sector (0.89%); and Education Services (-0.15) Construction business sector (-0.38%).

Meanwhile, the corporate services, other services, government administration, defense and compulsory social security, and manufacturing sectors have gradually recovered. Meanwhile, the education services and building construction sectors experienced the deepest contractions in 2022 due to the COVID-19 pandemic.

2. **Location Quotient (LQ)**

The following are the results of the LQ calculations for each economic sector in Malaka Regency over a period of 5 years (2018-2022) which can be seen in table 7 below.

Table 7. LQ (*Location Quotient)* According to Business Field Malaka Regency 2018-2022

No	Business Field/ *Industry*	2018	2019	2020	2021	2022	Average	Caption
A	Agriculture, Forestry, and *Fishing*	1.48	1.49	1.48	1.47	1.49	1.48	Base
B	*Manufacturing* Industry	1.33	1.30	1.29	1.33	1.31	1.31	Base
C	Construction	1.05	1.06	1.14	1.15	1.10	1.10	Base
D	Transportation and *Storage*	1.22	1.24	1.36	1.37	1.30	1.30	Base
E	Real Estate /Real Estate Activities	1.14	1.16	1.08	1.09	1.12	1.12	Base
F	Public Administration and Defence; Compulsory Social Security	1.14	1.14	1.08	1.07	1.11	1.11	Base
G	Other Services Activities	1.29	1.28	1.40	1.38	1.34	1.34	Base
Gross Regional *Domestic Product*		1.00	1.00	1.00	1.00	1.00	1.00	

Source: Processed by researchers in 2024

Based on the table. 7 Results of the LQ (Location Quotient) analysis in Malaka Regency for the period 2018-2022, there are 7 sectors that are superior or become Basic Sectors with an LQ barometer > 1. Namely: Agriculture, Forestry, and Fisheries, Processing Industry; Construction; Transportation and Warehousing; Real Estate; Government Administration; Defense and Mandatory Social Security; Other services. The remaining 10 sectors have an LQ barometer < 1, meaning they are not leading or non-basic.

3. Dynamic Location Quotient (DLQ)

The DLQ (Low-Current-Quality Index) accommodates the economic growth rate of an observed sector and the economy as a whole. The results of the DLQ calculation for each economic sector in Malaka Regency over a five-year period (2018–2022) indicate the potential of a sector to become an economic base in the future. A DLQ value greater than 1 indicates that the observed sector in the area has the potential for development or is prospective. Based on the results of the LQ and DLQ analysis, data on the economic sectors of Malaka Regency can be seen in 8 as follows:

Table 8. Analysis of LQ and DLQ of Malaka Regency 2018-2022

No	Economic Sector	Interpretation		Final interpretation
		LQ	DLQ	
A	Agriculture, Forestry, and *Fishing*	Base	Prospective	Base, Prospective
B	Real Estate/ *Real Estate Activities*	Base	Prospective	Base, Prospective
C	*Public* Administration and Defence; Compulsory Social Security	Base	Prospective	Base, Prospective
D	Other Services Activities	Base	Prospective	Base, Prospective

Source: Processed by researchers in 2024

Based on the compilation data formulation of the combination of LQ and DLQ values in the table. 8. Interpretation of the final results, prospective basic sectors are Agriculture, Forestry, and Fisheries; Real Estate; Government Administration, Defense and Social Security; Other Services. And prospective non-basic sectors are Water Supply, Waste Management, Waste and Recycling; Information and Communication; Corporate Services; Educational Services; Health Services and Social Activities.

4. Shift Share

Shift Share Analysis is used to determine the economic growth process in Malaka Regency in relation to the growth of its reference region, namely East Nusa Tenggara Province. Based on the results of the Shift Share Analysis review of 17 sectors of the regional economic structure, the following can be seen in Table. 9:

Table 9. Shift Share Analysis of 17 Economic Sectors Malaka Regency 2018-2022

No	Business Field/ *Industry*	This= (Eij)(rn)	Mij= Eij(rin-rn)	Cij= E'ij (rij-rin)	Dij= Nij+Mij+ Cij
A	Agriculture, Forestry, and *Fishing*	72,867.25	0.228.41	19,219.79	102,315.45
B	Mining and *Quarrying*	2,057.24	-140.40	3,229.31	5,146.16
C.	*Manufacturing* Industry	3,098.47	135.55	436.36	3,670.38
D	*Gas* Procurement	69.99	18.28	31.52	119.79
E	Water Supply, Sewerage, Waste Management and Remediation *Activities*	17.56	4.75	7.14	29.45
F	Construction	21,054.48	21.19	21,706.58	42,782.24
G	*and* Retail Trade; Repair of Motor Vehicles and Motorcycles	7,273.49	946.30	4,089.79	12,309.58
H	Transportation and *Storage*	11,910.32	-305.85	12,831.46	24,435.93
I	Provision of Accommodation and Food *Service Activities*	201.17	-7.88	267.88	461.18
J	Information and Communication/ *Information and Communication*	12,167.65	3,276.11	-8,426.64	7,017.11
K	Financial and Insurance Services/ *Financial and Insurance Activities*	2,354.95	385.64	145.30	2,885.88
L	Real Estate/ *Real Estate Activities*	5,218.72	231.05	-556.65	4,893.12
M N	Company Services/ *Business Activities*	72.12	-31.98	59.48	99.62
O	*Public* Administration and Defence; Compulsory Social Security	26,808.44	3,040.55	-21,189.31	8,659.68
P	*Education* Services	9,373.87	482.62	-672.87	9,183.62
Q	*Human* Health and Social Work Activities	2,370.38	508.25	1,615.63	4,494.26
R,S ,T,U	Other Services *Activities*	5,098.75	-691.92	4,438.65	8,845.47
		182,014.83	**18,100.66**	**37,233.42**	**237,348.91**

Source: Processed by researchers in 2024

Table. 9 above shows the economic influence of the reference area (Nij) across all sectors in Malaka Regency, which has a positive component value. This condition indicates that the growth of these sectors is positively influenced by growth in NTT Province. It can be said that general provincial policies have a positive influence on the growth of the development sector. This can be explained by the monetary and fiscal policies (financial system, taxation system, subsidies, inflation rate) applied at the provincial level positively influencing the development of all sectors in Malaka Regency.

5. Relative Position Analysis

Based on the calculation and analysis of the relative position in the business sector or category between Differential Shift (DS) and Proportional Shift (PS) in the shift share analysis, the results obtained are as summarized in Table 1 0 below:

Table 10. Relative Position of Economic Sectors in Malaka Regency

No	Field Category Business	Malacca Regency
A	Agriculture, Forestry, and Fishing	*Fast* Growing
B	Mining and Quarrying	*Highly* Potential
C	Manufacturing Industry	*Fast* Growing
D	Electricity and Gas Procurement	*Fast* Growing
E	Water Supply, Sewerage, Waste Management and Remediation Activities	*Fast* Growing
F	Construction	*Fast* Growing
G	Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	*Fast* Growing
H	Transportation and Storage	Tends to have potential (Highly Potential)
I	Accommodation and Food Service Activities	Tends to have potential (*Highly Potential*)
J	Information and Communication	Developing
K	Financial and Insurance Activities	*Fast* Growing
L	Real Estate/Real Estate Activities	Developing
M	Corporate Services/Business Activities	*Highly* Potential
N	Public Administration and Defence; Compulsory Social Security	Developing
O	Education Services	Developing
P	Human Health and Social Work Activities	Fast *Growing*
Q	Other Services Activities	*Highly* Potential

Source: Processed by researchers in 2024

B. Discussion

Based on the GRDP data of NTT Province in the table. 3 and the GRDP data of Malaka Regency data in table. 4 during the period 2018 - 2022, especially the GRDP of Malaka Regency has increased every year. This condition illustrates the occurrence of real economic changes or growth, mainly related to the increase in the volume of demand or final consumption. If If analyzed further, the increase in GRDP does not necessarily mean that the rate of economic growth is experiencing rapid/positive growth. However, when referring to each sector within the GRDP component, its nature fluctuates, with some increasing and others slowing down each year. Sectors with increasing contributions include Agriculture, Forestry, and Fisheries; Mining and Quarrying, Water Supply; Waste Management, Waste and Recycling; Information and Communication; Financial Services and Insurance; and Health Services and Social Activities. GRDP increased from 2019 to 2022.

Manufacturing Industry Sector, *Other* Services In 2019, GRDP increased, in 2020 and 2021 it decreased and rose again in 2022. The Wholesale and Retail Trade Sector; Car and Bicycle Repair; Transportation and Warehousing; Provision of Accommodation and Food and Beverage; Real Estate in 2019 experienced an increase, in 2020 it decreased and in 2021 and 2022 GRDP experienced an increase.

Meanwhile, the Construction sector experienced an increase in GRDP in 2019, then experienced a decline in 2020, which then increased in 2021, and then experienced a decline again in 2022. The Corporate Services Sector, Other Services GRDP experienced an increase in 2019, in 2020 and 2021 it experienced a decrease and experienced an increase again in 2022. Furthermore, the Government Administration, Defense and Mandatory Social Security sector GRDP from 2018-2020 experienced an increase but in 2021 there was

a decrease and increased again in 2022. Likewise, the Education Services sector in 2018-2020 GRDP experienced an increase but in 2021 to 2022 it experienced a decrease.

This fluctuating condition is due to the impact of the Covid-19 pandemic in 2019-2021, which has caused many workers to become unemployed, reduced people's purchasing power, so that the interaction of supply and demand in the market has weakened, potentially leading to a decrease in government tax revenue and its impact on economic activities in all sectors such as households, the business world, government and the foreign sector.

The government's policy or regulation imposing large-scale social restrictions (PSBB) has impacted economic activity, forcing a number of companies to reduce production. The impact is a reduction in the workforce or layoffs, leading to unemployment. On the other hand, there is a reduction in government spending on development activities because part of the budget is diverted to handling the Covid-19 pandemic. For the private sector or business world, this will hamper investment and reduce income due to decreased production activities and export-import activities will also be disrupted. On a macro scale, economic growth during this period can be said to have experienced a significant decline.

Next, based on the data in the table. Figure 5 shows the development of GRDP in 2018. National economic activity began to stabilize and experienced an increase, marked by a strengthening of the rupiah exchange rate, declining inflation and interest rates, and increasing foreign exchange reserves. In 2019, there was a decline of 0.22%, with economic growth of 4.89%. During 2020 (1.02%) and 2021 (1.94%), GRDP contracted by 0.92% due to the impact of the Covid-19 pandemic that hit Indonesia and the world. In 2022, it increased to 3.73%, higher than the previous year's economic growth of 1.94 percent in 2021. Under these conditions, the economy has begun to return to normal. This increase was influenced by increased production in several business sectors that were free from the effects of inflation.

Based on the results of the analysis of table. 6 the average growth rate of the GRDP of Malaka Regency from 2018-2022 from each sector can be classified into three economic sectors. The first sector that occupies the advanced and rapidly growing sector is the Electricity and Gas Procurement; Water Procurement, Waste Management; Waste and Recycling; Health Services and Social Activities.

Procurement program electricity is priority for the continuity of industry, housing, village electrification through pattern cooperation with the central government (PLN). Maintenance natural environment for preparing the availability and quality of clean water and even distribution of water in the regions. Meanwhile, the water management program waste recycling and activities social in frame increase cleanliness and health services.

Second, the stagnant sectors are Information/Communication; Wholesale/Retail Trade; Motorcycle Repair; Financial Services/Insurance; Agriculture/Forestry/Fisheries; construction. Provision of Accommodation and Food and Beverages; Mining/Excavation; Transportation/Warehousing. The challenges faced include: access and quality of information, trade and logistics competition, availability of spare parts and workforce competency as well as financial regulations. The solution is through network expansion and adoption of new technologies (digitalization), e-commerce and improved customer service to support sustainable growth and increased contribution to the GRDP of Malaka Regency. Meanwhile, the third, lagging sector is Government Administration/Defense/Social Security; Real Estate; Other Services; Corporate Services. The solution steps are by implementing efficiency and bureaucratic reform. Increasing competition and service quality (diversification and innovation) and active community involvement as well as regulations/policies.

Malaka Regency's economic growth rate fluctuates annually. This difference in value is driven by the COVID-19 pandemic, which has had a significant impact on the economy and significantly increased economic uncertainty. This situation has led to a decline in investor confidence and impacted investment volumes, including disruptions throughout the supply chain. In general, it can be concluded that Malaka Regency's economic growth rate during the period (2018-2022) fluctuated or was unstable.

The results of the analysis of LQ in table 7 show that there are seven sectors that have an LQ value > 1, namely the agriculture/forestry/fisheries sector with an average LQ index of 1.48 percent, other service

sectors with an average LQ index of 1.34 percent, the manufacturing industry sector with an average LQ index of 1.31 percent, the transportation and warehousing sector with an average LQ index of 1.30 percent, the real estate sector with an average LQ index of 1.12 percent, the government administration/defense/mandatory social security sector with an average LQ index of 1.11 percent, the construction sector with an average LQ index of 1.10 percent.

Sectors with an LQ value >1 in Malaka Regency are categorized as basic or potential sectors, having a role as a sector that is superior to the role of other sectors when compared to NTT Province. The conclusion is that the seven economic sectors not only meet the needs of the community, but also have the potential to be marketed outside the region and have the potential to be developed to increase economic growth. Sectors with an LQ value <1 are non-basic sectors, these sectors have a smaller role or are less prospective than the role of other sectors. These sectors can be developed if supported to become basic sectors.

Based on the analysis of the LQ and DLQ formulas in Table 8, the prospective basic sectors are Agriculture/Forestry/Fisheries; Real Estate; Government Administration/Defense/Mandatory Social Security; and other services. These sectors have the potential to develop in the future, with the support and attention of local governments to boost regional economic growth.

Based on the results of the Shift Share analysis in table 9 regarding the growth rate, there are still several sectors with lower growth rates compared to the business sector in NTT Province, including the Information and Communication sector; the Government Administration sector; Defense and Mandatory Social Security; Education Services; Real Estate and other Services.

The sector that provides the highest contribution (influence) to the increase in economic growth of the provincial or national reference area (Nij) is the Agriculture/Forestry/Fisheries sector amounting to 72,867.25 billion or 40.03 percent of the total increase in the economic sector (GRDP) of Malaka Regency. This indicates the existence of various policies that support this sector and is the sector that has the most influence on its ability to form GRDP of Malaka Regency. Meanwhile, the lowest value of the regional share is the Water Supply, Waste Management, Waste and Recycling sector amounting to 17.56 billion rupiah or 0.097 percent. This means that the Water Supply, Waste Management, Waste and Recycling sector has the smallest influence on income input for GRDP of Malaka Regency.

The use of information and communication devices has spread throughout Malaka Regency, indicating the presence of flexibility and mobility in communication. However, only around 59.13% of the population in Malaka Regency has mastered the use of communication devices and the internet. The remaining population, at around 31.31 percent, still has low proficiency (Susenas 2021).

Regarding the still inadequate government administration sector, necessary steps include improving human resource training and development by proposing training and development programs to enhance human resource skills and capacity. Reforming administrative processes and increasing efficiency, as well as recommending improvements in budget management, including procurement and oversight processes, to reduce waste. It is recommended that improvements be made to the Social Security distribution system, including the use of technology to expedite processes and reduce delays. Furthermore, solutions to improve distribution efficiency should be considered. According to statistical data from Malaka Regency in 2023, the School Participation Rate (APS) remains low. This is characterized by the low participation of residents in the 9-year Compulsory Education program. The higher the level of education, the lower the school participation rate. Currently, 31.57 percent of Malaka's population does not have a diploma at any level.

Furthermore, for the percentage of building ownership (*real estate*) in Malaka Regency, so far the building ownership itself is 94.87% with the dominant floor area being 20-49 m2, namely 56.83%. However, there are still 1.24% of buildings (housing) that have a floor area below 20 m2. Based on the publication of BPS Malaka Regency, the minimum per capita area for a house to be considered habitable is $\geq$ 7.2 m2. The dominant per capita area is $\geq$ 10 m2, namely 64.17%. Buildings based on roofs, 92.54% use zinc as a roof and as many as 56.02% of houses use wooden/bamboo/other logs as building walls, only around 35.83 percent of houses have used permanent walls (East Nusa Tenggara welfare statistics book 2020).

The sector that provides the highest contribution (influence) to the increase in economic growth of the provincial or national reference area (Nij) is the Agriculture/Forestry/Fisheries sector amounting to 72,867.25 billion or 40.03 percent of the total increase in the economic sector (GRDP) of Malaka Regency. This indicates the existence of various policies that support this sector and is the sector that has the most influence on its ability to form GRDP of Malaka Regency. Meanwhile, the lowest value of the regional share is the Water Supply, Waste Management, Waste and Recycling sector amounting to 17.56 billion rupiah or 0.097 percent. This means that the Water Supply, Waste Management, Waste and Recycling sector has the smallest influence on income input for GRDP of Malaka Regency.

Furthermore, the proportional shift (Mij) growth component is known as the structural component or industrial mix. The proportional shift in which 12 sectors show an overall positive value in Malaka Regency. This indicates that overall all of the above sectors with a GRDP of 18,100.66 billion rupiah, are specialized and growing rapidly in the GRDP of NTT Province. The highest proportional shift (Mij) value in the Malaka Regency economy is the Information and Communication sector amounting to 3,276.11 billion rupiah or 18.09 percent of the total proportional shift (Ps). There are five economic sectors with negative values in Ps (Mij) namely the Other Services sector amounting to -691.92 billion rupiah, the Transportation/Warehousing sector amounting to -305.85 billion rupiah, the Mining/Excavation sector amounting to -140.40 billion rupiah, the Corporate Services sector amounting to -31.98 billion rupiah, the Accommodation/Food and Beverage Provision sector amounting to -7.88 billion rupiah.

The influence of competitiveness (Cij) in aggregate on Malaka Regency's GRDP in 2018-2022, there are four economic sectors that have negative values, namely: Information and Communication Sector which has very weak competitiveness, then followed by the Education Services, Real Estate Sector. Government Administration, Defense and Mandatory Social Security Sector. The remaining 13 other sectors have positive values.

The next shift component is the differential shift (Dij), this component measures the magnitude of the net regional shift caused by changes/shifts that occur in the distribution of variables between two different times/conditions or certain sectors that grow faster/slower in the relevant region than at the provincial level. The net shift value is obtained from the sum of the Ns (Nij), Ps (Mij), and Competitiveness (Cij) components of each economic sector in the 2018-2022 period in Malaka Regency with 17 (seventeen) sectors that have a positive net shift value. Overall, the net shift (Dij) causes an increase in GRDP of 237,348.91 billion rupiah.

The results of the analysis of the shift in economic structure show that the primary sector category is Agriculture/Forestry/Fisheries with the largest value of 102,315.45 billion rupiah or contributing 37.88 percent to the GRDP of Malaka Regency. It is capable of growing by 5.93 percent in 2022. This condition is due to the agricultural sector having quite potential resource potential, and with the support of infrastructure so that the productivity of this sector grows relatively faster. Indicates that the agricultural sector has a significant acceleration in productivity growth and has a comparative advantage compared to other sectors in Malaka Regency. Then the secondary sector is the construction sector amounting to 42,782.24 billion rupiah or 15.84 percent. In the construction sector because this sector can support the economy of the people in Malaka Regency. The tertiary sector is Transportation/Warehousing which has a value of 24,435.93 billion rupiah or 9.05 percent. Based on the results of the analysis of the three sectors, it shows that there has been a shift in the economic structure and the differences in development of the three sectors need to be anticipated for their development steps.

Table 10 shows that the relative positions of the sectors with the fastest growing business fields are Agriculture/Forestry/Fisheries; Manufacturing; Electricity/Gas Supply; Water Supply/Waste Management/Recycling; Construction; Wholesale/Retail Trade; Car/Motorcycle Repair; Financial Services/Insurance. Meanwhile, the business fields or sectors that tend to have potential are Mining/Excavation; Transportation/Warehousing; Accommodation/Food and Beverage Provision; Corporate Services; and Other Services. Then, the business fields or sectors that are growing are Information/Communication; Real Estate; Government Administration/Defense/Mandatory Social Security; and Educational Services. Meanwhile, no sector shows lagging growth.

CONCLUSION

The economic structure of Malaka Regency reflects a non-uniform (varied) economic potential, there are 7 leading sectors (Basic Sectors), namely the agriculture/forestry/fisheries sector; other service sectors; the processing industry sector; the transportation/warehousing sector; the real estate sector; the government administration/defense/mandatory social security sector and the construction sector.

The categories contributing to GRDP through prospective basic sectors, namely Agriculture/Forestry/Fisheries, Real Estate; Government Administration/Defense/Mandatory Social Security and other Services, require attention from policy makers and appropriate strategic programs for sustainable economic development in the Malaka Regency area. The results of the shift in economic structure (shift share) show that the primary sector category is Agriculture/Forestry/Fisheries growing by 5.93 percent in 2022 by contributing 102,315 billion or 37.88 percent. The secondary sector is the construction sector amounting to 42.78 billion rupiah or 15.84 percent where the construction sector is a pillar of the community's economy. While the tertiary sector is Transportation/Warehousing which has a value of 24.43 billion rupiah or 9.05 percent.

The sectors or categories of business fields that are growing rapidly are Agriculture/Forestry/Fisheries; Manufacturing Industry; Electricity and Gas Supply; Water Supply/Waste Management/Sewage and Recycling; Construction; Wholesale/Retail Trade; Car/Motorcycle Repair; Financial Services/Insurance. The business field categories that tend to have potential are Mining/Excavation; Transportation/Warehousing; Accommodation/Food and Beverage Provision; Corporate Services; Other Services. Meanwhile, the business field sectors or categories that are growing are Information/Communication; Real Estate; Government Administration/Defense/Mandatory Social Security; Educational Services.

LQ, DLQ, and Shift-share analysis can provide information about the potential and advantages of a region's economic sector and remain vigilant about the impact of the Covid-19 virus outbreak, which can indirectly affect regional economic movements.

RECOMMENDATION

For the Malaka Regency government to focus on competitive business fields and become leading sectors (specialization) and improve non-basic sectors supporting the basic sector by strengthening inter-regional relations by analyzing future prospects and anticipating failures in their development. Develop branding/promotion strategies for superior products both at the national and international levels through social media (e-commerce platforms) to reach a wider market and provide guidance and assistance to business actors in meeting global market standards.

THANK-YOU NOTE

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