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Analysis of Leading and Potential Sectors to Boost Economic Growth as A Basis For Determining Regional Economic Development Priorities

¹ Vera Novitasari, UIN Satu Tulungagung, Indonesia – veranovita243@gmail.com

² Dyah Pravitasari, UIN Satu Tulungagung, Indonesia – dyahpravitasariiainta@gmail.com

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CORRESPONDENCE

E-mail: dyahpravitasariiainta@gmail.com

ABSTRACT

This research is motivated by the economic growth of Blitar City, East Java, Indonesia, which has tended to be low and volatile, necessitating the identification of priority sectors for regional development. Previous studies have generally relied on a single analytical method—such as Shift-Share Analysis, Location Quotient (LQ), or Klassen Typology—providing only a partial assessment of the region's economic potential. Therefore, this study integrates these three methods to identify sectoral shifts, distinguish between base and non-base sectors, identify sectors with potential, and formulate policy recommendations. A quantitative approach with a descriptive research design was employed, utilizing secondary data on the Gross Regional Domestic Product (GRDP) of Blitar City and East Java Province at constant prices by industrial sector for the 2015–2024 period, obtained from Statistics Indonesia (BPS). Shift-Share Analysis was used to evaluate sectoral competitiveness, LQ to identify base and non-base sectors, and Klassen Typology to classify sectors with potential. The results indicate that seven sectors possess a competitive advantage, eleven are classified as base sectors, and six as non-base sectors. The accommodation and food and beverage service sector was identified as a sector with potential, as it demonstrated high growth despite a relatively low contribution to the GRDP. Integrating these three analytical methods provides a more comprehensive framework for identifying leading and potential sectors compared to using a single method, while also offering evidence-based recommendations to support more effective and sustainable regional economic development policies in Blitar City.

INTRODUCTION

Development is a mechanism for conscious and planned change toward a better future. According to Adam Smith, economic development is a process combining population growth and technological progress [1]. Regional economic development in Indonesia in recent years has continued to be a major focus of the government, particularly in efforts to increase inclusive and sustainable economic growth. One of the main indicators used to measure the economic performance of a region is Gross Regional Domestic Product (GRDP) [2]. The higher the Gross Regional Domestic Product (GRDP) per capita of a region, the greater the potential source of regional income because the income of the people of that region is greater [3]. GRDP not only reflects the amount of added value generated by all economic sectors in a region, but also serves as a basis for formulating development policies based on local potential. Analysis of GRDP as an indicator of regional economic performance is also crucial for mapping leading sectors capable of driving economic growth. Regional economic development is a key pillar in reducing inter-regional disparities, especially in developing countries like Indonesia [4]. According to data from the Central Statistics Agency (BPS) in 2023, national economic growth reached 5.2%, with the largest contributions coming from the manufacturing sector (19.3%), trade (13.4%), and agriculture (12.9%). Indicators of increasing economic development can be seen through economic growth figures or values [5]. Basically, an important factor in measuring the economic development of a particular region is determined by the value of economic growth [6]. Achieving economic development is inextricably linked to the importance of economic growth. Therefore, analysis is necessary to identify the mainstay or base sectors that drive economic growth in a region. The economic development of a particular region is determined by the value of

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Regional economic growth is basically influenced by the comparative advantages of a region, regional specifications and the economic potential of that region [7]. Therefore, utilizing and developing all local economic potential is a top priority that must be explored and developed in implementing sustainable regional economic development. A region's economic growth can be observed in GRDP [8]. One way to encourage and enhance economic growth is to develop the potential of various sectors to drive economic development. The potential sectors in each region can be determined by the size of each economic sector's revenue in its Gross Regional Domestic Product (GDP) [9].

Potential sectors in Blitar City are expected to boost economic growth and improve community welfare. If economic growth in Blitar City increases, it will facilitate economic development in the region. Blitar City's GRDP remains volatile. This indicates that regional development, as measured by GRDP, remains unstable, potentially hampering economic growth. This fluctuation may also be due to the COVID-19 pandemic, which has impacted the city's economy.

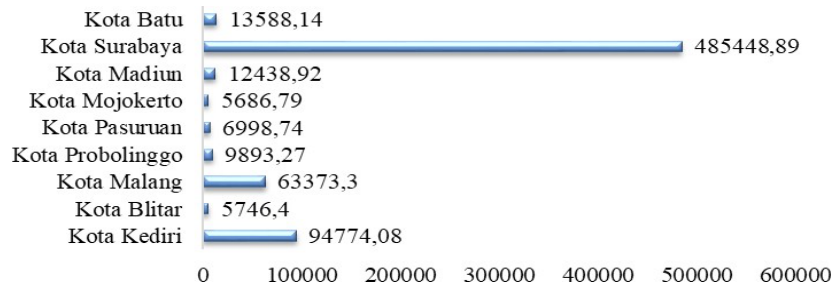


Figure 1. GRDP of Cities in East Java Province 2024 (billion Rp)

Based on Gross Regional Domestic Product (GRDP) data at constant prices in 2010, Blitar City had a relatively low GRDP compared to other cities in East Java Province, at Rp5,746.4 billion. This figure is far below other cities such as Madiun City at Rp12,438.92 billion, Batu City at Rp13,588.14 billion, and Malang City at Rp63,373.3 billion. Meanwhile, Blitar City Surabaya recorded the highest value reaching IDR 485,448.89 billion, followed by Kediri City at IDR 94,774.08 billion.

This situation indicates that Blitar City's economy still lags behind other regions in East Java, both in terms of economic scale and sectoral contribution to the regional GRDP. This low GRDP value indicates that economic activity and productivity in Blitar City's sectors have not yet developed optimally, and that local potential has not been fully utilized to drive regional economic growth. Therefore, an in-depth analysis is needed to identify leading and potential sectors that can be the main drivers of GRDP growth in Blitar City. Without clear priorities, development policies can be ineffective and have little impact on improving community welfare [10]. While many previous studies have focused on economic growth in general, they have been limited in exploring the relationship between GRDP structure and the selection of leading sectors as the basis for regional development priorities, particularly in Blitar City, particularly in terms of comprehensive analysis based on current data. Many studies tend to conduct sectoral analyses differently, using only one or two methods without integrating them with potential sector assessments.

This results in a lack of insight into the synergy between leading and potential sectors as drivers of economic growth. According to research conducted by Tina Agustina and Lara Atidhira Pamungkas, East Belitung Regency has nine sectors classified as leading sectors, each with a high potential to drive the economy. Meanwhile, leading, prospective, and underdeveloped sectors have similar business fields [11]. Several previous studies used analysis without linking the results to concrete development policies. For example, research conducted by Fahrul Alam Masruri, Cahyono, and Nugrahana Fitria Ruhayana showed that the LQ calculation showed 11 sectors categorized as basic sectors in Sumedang. Shift Share Only two sectors were able to grow faster: construction and financial services and insurance. The focus group discussion (FGD) concluded that the agriculture, forestry, and fisheries sector has the potential to become a major driver of Sumedang's economy due to its foundational nature, competitiveness, and adaptability to current conditions [12].

Previous studies have generally employed a single analytical approach, such as Shift-Share Analysis, Location Quotient, or Klassen Typology, resulting in a fragmented assessment of regional economic potential. This study addresses that gap by integrating the three methods into a unified analytical framework, enabling a more comprehensive evaluation of sectoral competitiveness, specialization, and growth potential. In addition, the study provides evidence-based policy recommendations to support regional development planning in Blitar City.

The limitations of existing research indicate that they have not extensively examined the dynamics of GRDP fluctuations, particularly regarding the impact of the COVID-19 pandemic and the subsequent sectoral recovery patterns. Furthermore, most studies on leading sectors use only one analytical method, such as Location Quotient (LQ) only or Shift-Share only, so that the results obtained are still partial and are not yet able to describe the relationship between comparative advantage, growth competitiveness, and sector development position comprehensively.

Based on the explanation in the background, this study aims to identify changes and shifts in the economic sector in Blitar City, identify basic and non-basic sectors in Blitar City, and identify potential sectors in Blitar City.

METHODS

This study uses a quantitative approach with a descriptive approach. It was conducted in Blitar City using secondary data obtained from the official websites of the Blitar City Statistics Agency (BPS) and East Java Province. The data used were in the form of time series. The GRDP of Blitar City and the GRDP of East Java Province include data on the GRDP of East Java Province and the GRDP of Blitar City based on constant prices according to business sector from 2015 to 2024. The data analysis technique in this study uses three analysis tools, namely Shift Share (SS), analysis Location Quotient (LQ), and Klassen Typology analysis.

Analysis Shift Share (SS)

Shift-Share is a method of analyzing economic growth which is determined by components regional-share, proportionality-shift And differential shift [13]. This method aims to analyze the structure of the regional economy compared to the structure of the national economy. Furthermore, the analysis Shift-Share can be used to identify leading sectors based on the three components above by understanding the structural changes in the regional economy over several periods. The formula used in the calculation Shift Share are as follows:

$$D_{ij} = N_{ij} + M_{ij} + C_{ij}$$

To calculate the three components, the following formula is used:

$$N_{ij} = Y_{ij} \cdot r_n \quad M_{ij} = Y_{ij} (r_{in} - r_n) \quad C_{ij} = Y_{ij} (r_{ij} - r_{in})$$

Information:

Y_{ij} = GRDP from sectors in Blitar City at the beginning of the analysis year (2020)

r_n = average GRDP growth rate in East Java Province

r_{ij} = rate of increase in GRDP of sectors in Blitar City

r_{in} = rate of increase in GRDP of sectors in East Java Province

i = 17 economic sectors

j = research area (Blitar City)

Analysis Location Quotient (LQ)

Analysis location quotient (LQ) is a method that measures the level of specialization of various sub-sectors of a country's economy that utilizes leading sub-sectors to calculate the comparison of the percentage of output of sectors at the national and regional levels, location quotient used. Analysis location quotient focuses on contribution criteria to show the regional economic base. The purpose of this analysis is to differentiate between sectors Basic and non-basic sectors in the regional economy. This is because the basic sector depends on the local economy and cannot grow beyond regional economic growth. The formula used to calculate the LQ is as follows:

$$LQ = \frac{V_i / V_t}{Y_i / Y_t}$$

Information:

LQ = value Location Quotient

V_i = GRDP value of sector i in Blitar City

V_t = total GRDP in Blitar City

Y_i = GRDP value of sector i in East Java Province

Y_t = total GRDP in East Java Province

Class Typology Analysis

The Klassen Typology bases the grouping of sectors within a region on comparing the economic growth of that region with the economic growth of the wider region and comparing the sector's share with its average value at the broader level. The results of the Klassen Typology analysis will reveal the growth position and share of that sector in shaping the economy of a region [14]. The Klassen Typology Analysis groups sectors by considering the growth rate (G) and contribution (S) of a particular sector to a region's GRDP. The Klassen typology classification is as follows:

Sectoral Contribution	Sectoral Growth	
	$G_i \geq G$	$G_i < G$
$S_i \geq S$	I. Advanced and fast-growing sectors (leading)	II. Advanced but depressed (developing) sectors

Si < S	III. Fast growing sector (potential)	IV. Relatively backward (underdeveloped) sector
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Information:

- Gi = average increase in GRDP sector in Blitar City
G = average increase in GRDP sector in East Java Province
Si = average sector contribution to GRDP of Blitar City
S = average sector contribution to GRDP of East Java Province

RESULTS AND DISCUSSION

Analysis Results Shift Share (SS)

Table 1. Results of Analysis Calculations Shift Share(SS) Blitar City

Business Field	Analysis Shift-Share			
	Nij	Mij	Cij	Dij
A. Agriculture, Forestry, and Fisheries	23,537	- 11,257	- 21,241	- 8,960
B. Mining and Excavation	0.054	- 0.026	- 0.128	- 0.100
C. Processing Industry	71,318	104,613	- 13,171	162,760
D. Procurement of Electricity and Gas	0.582	0.892	- 0.314	1,160
E. Water Supply; Waste Management, Waste, and Recycling	1,323	1,708	0.150	3,180
F. Construction	55,005	83,717	- 17,952	120,770
G. Wholesale and Retail Trade; Car and Motorcycle Repair	185,968	292,466	- 6,744	471,690
H. Transportation and Warehousing	30,678	75,680	7,922	114,280
I. Provision of Accommodation and Food and Drink	37,558	75,978	7,465	121,000
J. Information and Communication	95,637	301,106	- 65,123	331,620
K. Financial Services and Insurance	79,810	54,348	12,542	146,700
L. Real Estate	30,851	37,642	6,006	74,500
M,N, Corporate Services	6,247	8,646	- 1,503	13,390
O. Government Administration, Defense, and Mandatory Social Security	51,997	12,448	- 2,565	61,880
P. Educational Services	50,753	62,365	11,652	124,770
Q. Health Services and Social Activities	14,936	33,054	- 3,090	44,900
R,S,T,U Other Services	40,247	56,646	9,076	105,970

Analysis Shift Share (The SS (Small-Scale Ratio) can be used to assess the potential for sectoral production growth in a region. SS analysis assumes that changes in the economic structure or economic activity of a region are positively related to the structure or performance of an economic sector in the region above it, such as East Java Province. Changes in the performance of a region's economic sector relative to the region above it will be influenced by several components, such as: regional share (Nij), proportional shift (Mij), and differential shift (Cij).

Based on the results of the analysis calculations Shift Share (SS) there are 7 sectors with positive value. These sectors have positive value based on components regional share (Nij), proportional shift (Mij), and differential shift (Cij). These sectors experienced growth that not only followed national and regional trends, but was also driven by Blitar City's specific competitive advantage factors, thus acting as the main driver of shifting economic structures to increase community economic growth. These sectors are the Water Supply Sector, Waste Management, Waste, and Recycling Sector, Transportation and Warehousing Sector, Accommodation and Food and Beverage Provision Sector, Financial Services and Insurance Sector, Real Estate Sector, Education Services Sector, and Other Services Sector.

Overall, the dominance of the service sector in the results Shift Share. The positive value reflects the structural transformation of the Blitar City economy, moving from dependence on the primary sector to the highly competitive service sector. The policy implication of this finding is the need to strengthen investment in infrastructure and the supporting ecosystem for basic sectors to accelerate the economic shift and increase their contribution to the regional GRDP. In line with these developments, local governments need to create a conducive business climate through easy licensing and supportive regulations.

Providing facilities for small and medium-scale service businesses and encouraging innovation and creativity in the service sector. One strategy that can be implemented is the formation of creative service clusters through the provision of co-working space, holding an annual service festival as a promotional tool, as well as integration with platform national digital to expand the marketing of professional services, including sharia-based services.

These efforts also align with David Ricardo's development theory, which states that an increase in the rate of profit will encourage investment growth. This increased investment will ultimately accelerate technological development and increase the number of goods produced and circulated in the market. A further impact of this condition is rising wages, reflecting improvements in the welfare and prosperity of society [15].

Analysis Results Location Quotient (LQ)

In the analysis Location Quotient (LQ) there are three criteria, namely, if the LQ value > 1 indicates that the district/city has high specialization (base), secondly if the LQ value < 1 indicates that the district/city has low specialization (non-base), and thirdly if the LQ value $= 1$ indicates that the district/city is experiencing self-sufficient (the same level of specialization at the provincial level).

Table 2. Results of Analysis Calculation Location Quotient (LQ)

Business Field	Year										Average
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
A. Agriculture, Forestry, and Fisheries	0,25	0,25	0,24	0,25	0,25	0,25	0,24	0,22	0,22	0,20	0,24
B. Mining and Excavation	0,00	-	-	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
C. Processing Industry	0,31	0,31	0,31	0,31	0,30	0,30	0,30	0,30	0,30	0,30	0,31
D. Procurement of Electricity and Gas	0,22	0,23	0,23	0,25	0,26	0,26	0,25	0,25	0,21	0,20	0,24
E. Water Supply; Waste Management, Waste, and Recycling	1,75	1,71	1,67	1,66	1,66	1,65	1,64	1,68	1,72	1,73	1,69
F. Construction	0,78	0,78	0,77	0,77	0,76	0,74	0,72	0,73	0,74	0,73	0,75
G. Wholesale and Retail Trade; Car and Motorcycle Repair	1,31	1,31	1,32	1,32	1,32	1,31	1,29	1,29	1,27	1,27	1,30
H. Transportation and Warehousing	1,35	1,36	1,36	1,36	1,42	1,49	1,53	1,45	1,40	1,36	1,41
I. Provision of Accommodation and Food and Drink	0,95	0,95	0,95	0,95	0,95	0,94	0,96	0,96	0,96	0,95	0,95
J. Information and Communication	2,23	2,21	2,20	2,19	2,18	2,13	2,09	2,05	2,04	2,01	2,13
K. Financial Services and Insurance	3,94	3,93	4,02	3,99	3,95	3,96	3,89	3,95	3,91	3,94	3,95
L. Real Estate	2,29	2,30	2,32	2,30	2,30	2,26	2,29	2,28	2,29	2,30	2,29
M,N, Corporate Services	1,04	1,02	1,04	1,04	1,04	1,04	1,03	1,02	1,00	0,98	1,02
O. Government Administration, Defense, and Mandatory Social Security	2,95	2,88	2,87	2,86	2,86	2,84	2,82	2,88	2,89	2,85	2,87
P. Educational Services	2,46	2,48	2,48	2,47	2,44	2,43	2,42	2,42	2,45	2,48	2,45
Q. Health Services and Social Activities	2,93	2,92	2,90	2,86	2,82	2,86	2,87	2,83	2,88	2,79	2,87
R,S,T,U Other Services	3,56	3,52	3,50	3,47	3,41	3,51	3,50	3,46	3,55	3,58	3,51

Based on the results of the analysis calculations Location Quotient (LQ) above shows that of the 17 economic sectors in Blitar City based on the business sector in 2015-2024, there are 11 basic sectors and 6 non-basic sectors. The economic sectors in Blitar City that are categorized as basic sectors are the Water Supply Sector; Waste Management, Waste, and Recycling of 1.69; Wholesale and Retail Trade Sector; Car and Motorcycle Repair of 1.30; Transportation and Warehousing Sector of 1.41; Information and Communication Sector of 2.13; Financial Services and Insurance Sector of 3.95; Real Estate Sector of 2.29; Corporate Services Sector of 1.02; Government Administration, Defense, and Mandatory Social Security Sector of 2.87; Education Services Sector of 2.45; Health Services and Social Activities Sector of 2.87; and Other Services Sector of 3.51.

These eleven sectors have an LQ value > 1 , which indicates that the level of specialization in these economic sectors can meet the needs of the region and can export outside the region. These eleven sectors contribute significantly to the increase in Blitar City's Gross Regional Domestic Product (GRDP) and are key sectors supporting regional economic growth. Therefore, the development of these eleven sectors needs to be optimized to enable them to leverage other sectors to develop into core sectors. Furthermore, core sectors in Blitar City offer sustainable growth prospects, strong competitive advantages, and a strategic role in accelerating regional economic growth.

The theory that is relevant to the results of this study is the theory put forward by Blakely and Bradshaw, which emphasizes that the basic sector has a strategic role in driving and strengthening the economic growth of a region [16]. According to this view, the basic sector functions as the primary driving force of the economy because it is capable of generating a production surplus that not only meets local needs but is also exported outside the region. This export activity then creates an inflow of income into the region, which in turn creates a multiplier effect (multiplier effect) towards other economic sectors.

Meanwhile, there are 6 economic sectors classified as non-basic sectors, namely: Agriculture, Forestry, and Fisheries Sector of 0.24; Mining and Excavation Sector of 0.00; Manufacturing Industry Sector of 0.31; Electricity and Gas Supply Sector of 0.24; Construction Sector of 0.75; and Accommodation and Food and Beverage Provision Sector of 0.95. These six sectors have an average LQ value < 1 , which indicates that the level of specialization of the economic sector is low, meaning that this sector in production is only able to meet local needs and has not been able to export its production.

The government needs to implement integrated, cross-sectoral policies to encourage economic growth, particularly in non-basic sectors, namely agriculture, forestry, and fisheries; mining and quarrying; manufacturing; electricity and gas procurement; construction;

and accommodation and food and beverage provision. In the agriculture, forestry, and fisheries sector, policies are directed at modernizing production technology, improving irrigation and distribution infrastructure, and strengthening access to financing and product down streaming to increase added value. In the mining and quarrying sector, the government needs to encourage natural resource down streaming, strengthen sustainable regulations, and increase transparency and environmental oversight to ensure optimal and environmentally sound resource utilization.

Furthermore, in the manufacturing sector, policies are focused on providing investment incentives, developing industrial areas, improving human resource quality, and implementing Industry 4.0 technology to improve efficiency and competitiveness. In the electricity and gas procurement sector, the government needs to expand energy access, develop renewable energy, improve distribution efficiency, and encourage partnerships with the private sector. In the construction sector, policies are directed at accelerating infrastructure development, simplifying permits, improving project quality standards, and optimizing the use of local materials. Meanwhile, in the accommodation and food and beverage sector, the government needs to encourage the development of locally-based tourism, improve the quality of human resources, support the digitalization of services, and strengthen the role of MSMEs in the culinary and tourism industries. Overall, implemented policies must be oriented towards increasing productivity, efficiency, and added value, and be tailored to the region's superior potential to achieve sustainable economic growth.

Results of Klassen Typology Analysis

Table 3. Results of the Calculation of the Typology Analysis of the Classification of Blitar City

Business Field	Class Typology Analysis				
	G	S	Gi	Si	Quadrant
A. Agriculture, Forestry, and Fisheries	1,12%	10,50%	-0,82%	2,30%	IV
B. Mining and Excavation	1,29%	4,75%	-15,47%	0,00%	IV
C. Processing Industry	4,62%	29,99%	4,33%	9,12%	IV
D. Procurement of Electricity and Gas	4,95%	0,31%	3,84%	0,07%	IV
E. Water Supply; Waste Management, Waste, and Recycling	4,31%	0,10%	4,49%	0,17%	I
F. Construction	4,72%	9,21%	4,24%	6,82%	IV
G. Wholesale and Retail Trade; Car and Motorcycle Repair	4,82%	18,60%	4,78%	24,23%	II
H. Transportation and Warehousing	6,35%	2,98%	6,53%	4,32%	I
I. Provision of Accommodation and Food and Drink	5,57%	5,35%	5,86%	5,15%	III
J. Information and Communication	6,99%	6,26%	6,07%	13,87%	II
K. Financial Services and Insurance	3,31%	2,53%	3,58%	9,76%	I
L. Real Estate	4,20%	1,75%	4,51%	4,06%	I
M,N, Corporate Services	4,55%	0,77%	4,16%	0,78%	II
O. Government Administration, Defense, and Mandatory Social Security	2,54%	2,11%	2,44%	5,82%	II
P. Educational Services	4,22%	2,68%	4,59%	6,60%	I
Q. Health Services and Social Activities	5,72%	0,71%	5,43%	2,10%	II
R,S,T,U Other Services	4,75%	1,40%	5,06%	4,84%	I

The accommodation and food and beverage sector, based on the Klassen Typology analysis, is a potential sector categorized as rapidly growing in Blitar City. This sector is classified as a potential sector because it has a relatively high growth rate, although its contribution to GRDP is still below the average for other sectors. This condition indicates that this sector has significant potential for development as a supporter of regional economic development, particularly in supporting tourism, services, and trade activities, which are the main characteristics of Blitar City's economy. This potential is bolstered by the presence of various historical and cultural tourism destinations in Blitar City—such as the Bung Karno Mausoleum and Istana Gebang—as well as the growth of culinary businesses and MSMEs, which drive demand for accommodation and food and beverage services. Compared to other sectors, this sector holds greater development prospects, supported by rising trends in tourism and the creative economy that generate a multiplier effect across the trade, transportation, and other service sectors.

Walt Whitman Rostow's theory of economic growth stages explains that regional development proceeds through a process of structural transformation from traditional sectors to modern sectors with higher added value, particularly the service sector. The results of the Klassen Typology analysis in this study indicate that the accommodation and food and beverage sector is included in the potential sector category. This condition reflects that Blitar City is in a transition phase towards the development stage, take-off as explained by Rostow, where the service sectors began to develop as the main drivers of economic growth [17].

Categories in the accommodation and food and beverage provision sector include hotel, lodging, homestay, restaurants, eateries, cafes, and various other culinary businesses. Blitar City has significant historical and cultural tourism potential, such as the Bung Karno Tomb, Gebang Palace, and various local cultural activities that attract tourists. These tourism activities are a driving factor in the development of accommodation and culinary businesses in Blitar City. However, the contribution of this sector to the regional economy is still not optimal, requiring strengthening in terms of tourism management and development.

In 2020, the accommodation and food and beverage sector contributed 8.45 percent to Blitar City's total GRDP, with gross added value reaching 1.42 trillion rupiah. This contribution is projected to increase significantly to 1.78 trillion rupiah in 2023, in line with post-pandemic recovery and increased tourist visits. This aligns with research by Muhammad Agus Muljanto in Sidoarjo Regency, East Java, which shows a similar sector confirming its potential as a driving force for regional economic growth [18].

In line with this, the local government needs to develop tourism potential in an integrated manner by increasing the promotion of leading destinations, strengthening the quality of hotel and culinary services, and providing training and mentoring for MSMEs in the accommodation and food and beverage sectors. Furthermore, support for tourism infrastructure, the development of thematic and halal tourism concepts, and digitalization of tourism promotion are needed to increase the sector's appeal and enhance its contribution to the regional economic development of Blitar City.

Based on these findings, the Blitar City Government needs to prioritize the accommodation and food & beverage sectors in its regional economic development. Potential measures include upgrading infrastructure leading to tourist areas, boosting tourism promotion via digital platforms, developing history- and culture-based tourist destinations, improving service quality across hotels, restaurants, and homestays, and empowering culinary MSMEs through training, access to financing, and business mentoring. Furthermore, collaboration among the local government, business stakeholders, and the community must be strengthened to sustainably enhance the tourism sector's competitiveness, thereby enabling it to contribute more significantly to the Gross Regional Domestic Product (GRDP), expand employment opportunities, and improve public welfare.

CONCLUSIONS

Based on the discussion of the results of the research that has been carried out, conclusions can be drawn from the analysis based on the results of the analysis Shift-Share (SS) shows that there are seven economic sectors in Blitar City that have positive values in the components regional share, proportional shift, and differential shift, namely the Water Supply, Waste Management, Waste, and Recycling Sector; the Transportation and Warehousing Sector; the Accommodation and Food and Beverage Provision Sector; the Financial Services and Insurance Sector; the Real Estate Sector; the Education Services Sector; and Other Services Sector. The results of the analysis Location Quotient (LQ) there are 11 basic/leading sectors, namely the Water Supply, Waste Management, Waste, and Recycling Sector; Wholesale and Retail Trade, Car and Motorcycle Repair Sector; Transportation and Warehousing Sector; Information and Communication Sector; Financial Services and Insurance Sector; Real Estate Sector; Corporate Services Sector; Government Administration, Defense, and Compulsory Social Security Sector; Education Services Sector; Health Services and Social Activities Sector; Other Services Sector. There are 6 non-basic sectors, namely the Agriculture, Forestry, and Fisheries Sector; Mining and Quarrying Sector; Manufacturing Industry Sector; Electricity and Gas Supply Sector; Construction Sector; and Accommodation and Food and Beverage Provision Sector. Based on the Klassen Typology analysis, one sector, Accommodation and Food and Beverage Provision, is considered a potential sector. This sector has a relatively high growth rate, but its contribution to GRDP is still below average. This condition indicates that this sector has significant potential for development as a supporter of regional economic development, particularly in supporting the tourism and services sectors, which are the main characteristics of the Blitar City economy.

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