ABSTRACT

I D.M. DARMA SETIAWAN. The Role of Leading Sectors on Regional Economic Growth: A Multiregional Input-Output Approach of East Java, Bali, and West Nusa Tenggara (BUÑASOR SANIM as Chairman, MANGARA TAMBUNAN and ANNY RATNAWATI as Members of Advisory Committee)

East Java, Bali, and West Nusa Tenggara Provinces were selected as the locations of this study, which geographically close connected so that economically these provinces are strongly inter dependent. Based on regional economic theory, an economic growth of a sector in a province will induce not only economic growth in that province but also in the connected provinces. Using Indonesian Multiregional Input-Output, this study is aiming at analyzing (1) economic structure of East Java, Bali, and West Nusa Tenggara Provinces, (2) production sectors having strong backward and forward linkage, (3) trade flows between these provinces, and (4) the role of leading sectors both on intraregional and interregional economic growth.

The results of this study show that six sectors were selected as leading sectors, namely, (1) foods, beverages and tobacco sectors, and (2) trade sector in East Java, (3) hotel and restaurant, and (4) cattle and their derivative products in Bali, (5) foods, beverages and tobacco sectors, and (6) hotel and restaurant in West Nusa Tenggara. The growth of these sectors will induce both output, gross value added, and employment growth in each province (intraregional) and connected provinces (interregional). At national level, the growths of leading sectors in East Java and Bali have higher impacts compared to those of West Nusa Tenggara.

Sectors having strong backward and forward linkages in East Java is foods, beverages and tobacco sector, while those in Bali are (1) cattle, (2) wood and forest-based industries, and (3) chemistry, rubber, and plastic industries. For West Nusa Tenggara, those sectors are (1) foods, beverages, and tobacco, and (2) steel industries. The three provinces have experienced trade surplus where East Java have played the major role.

Key words: Multiregional Input-Output, Forward and Backward Linkage, and Intraregional and Interregional Growth.