

ANALYSIS OF REGIONAL POTENTIAL AND SMALL MEDIUM INDUSTRY POTENTIAL USING LOQATION QUOTIENT (LQ), LOCALITATION INDEX (LI) AND SPECIALIZATION INDEX (SI) METHODS IN MAJALENGKA DISTRICT (Case Study: Majalengka Regency)

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Abstract

This research is motivated by the very rapid development of Small and Medium Industries in Indonesia, this can make economic development in Indonesia even better. In economic development in Indonesia, the role of Small and Medium Industries is quite strategic. Many parties believe that the SME sector business is able to withstand the economic crisis that has been experienced in previous years. On the other hand, the development of the SME sector business cannot be separated from the general characteristics that most of the products produced are for the growth of domestic needs, especially in one district. Various business profiles are briefly reviewed to provide an up- to-date overview of the small and medium industry sector businesses. The type of data used in this study consists of primary data and secondary data. The primary data used is the 2018 sub-district SMI data, while the secondary data includes the name of the SMI, address, product, total production per year, the main KBLI group, KBLI, coordinate points and elevation. Data were collected using the interview method and GPS tracking. The results obtained from this study are the potential distribution of Small and Medium Industries which are spread across 26 Districts in Majalengka Regency, which in 2018 totaled 1747 SMI.

Keywords: *Analysis of Regional Potential and Small and Medium Industry Potential*

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Introduction

The development of Small and Medium Industries in Indonesia is very rapid, this can make economic development in Indonesia better. In economic development in Indonesia, the role of Small and Medium Industries is quite strategic. Many people believe that the SME sector business is able to withstand the economic crisis that has been experienced in previous years. On the other hand, the business development of the IKM sector cannot be separated from the general characteristic that this business is mostly produced for the growth of domestic needs, especially in one district. Various business profiles are briefly reviewed to provide an updated picture of the Small and Medium Industry sector.

From the results of the IKM survey in 2018 conducted by the Indonesian Central Statistics Agency, it was recorded that there were 4.26 million businesses/companies. The island of Java, which is the island with the most densely populated population, is the area that has the most IKM with a number that reaches 58.43 percent. The number of businesses/entrepreneurs in Central Java, East Java and West Java is the largest, each reaching more than 500 thousand businesses/company. This condition is very different from the picture of businesses/companies in the Maluku and Papua regions where the number of businesses in each area only reaches less than 50 thousand businesses/companies. As in the graph below

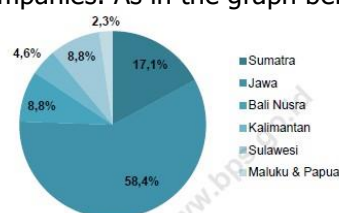


Figure 1.1 Graph of the distribution of SMEs in Indonesia

From Figure 1.1 the graph of the distribution of IKM in Indonesia shows that the largest distribution of IKM is on the island of Java which has a percentage of 58.4 percent. West Java itself is an area that has a lot of potential for business land based on Small and Medium Industries seen from the many uses of raw materials, local and the creativity of the entrepreneurs so that small and medium-sized industrial areas began to appear in every district in West Java. One of them is Majalengka Regency which has a total of 1747 IKM businesses/companies.

Majalengka Regency as regulated in Law Number 23 of 2014 concerning Regional Government has the opportunity as well as being required to be more creative in exploring, managing and utilizing the potential of local resources. The existence of these local resources has created various social economic activities. One of them is through the process of converting potential resources into various products that have added value, which is commonly referred to as industry.

From data from the Department of Manpower and Industry (DISNAKERIN) of Majalengka Regency, it is recorded that there are more than 1747 Small and Medium Industries (IKM) in the non-self employee category (already have workers other than themselves and have been given formal wages) with a workforce of more than 5 people.

Table 1.1 Data on IKM (Small and Medium Industries) Kab. Majalengka Year 2018

No	Kecamatan	Jumlah IKM
1	Argapura	18
2	Banjaran	31
3	Bantarujeg	21
4	Cigasong	68
5	Cikijing	110
6	Cingambul	88
7	Dawuan	111
8	Jatitujuh	15
9	Jatiwangi	105
10	Kadipaten	34
11	Kasokandel	197
12	Kertajati	37
13	Lemahsugih	82
14	Leuwimunding	85
15	Ligung	58
16	Maja	36
17	Majalengka	46
18	Malasma	56
19	Palasah	145
20	Panyingkiran	28
21	Rajagaluh	55
22	Sindang	9
23	Sindangwangi	129
24	Sukahaji	36
25	Sumberjaya	101
26	Talaga	46
TOTAL IKM		1747

From table 1.1 we can see that the number of SMIs in Majalengka in 2018 was 1747 SMIs that have been registered in the database of the Majalengka Regency Industry and Trade Office,

and from the data above, the researcher concludes that regional development is necessary as in Law No. . 26 of 2007 and mapping the potential areas of IKM in Majalengka so that local and out-of-town consumers can more easily find where the potential IKM areas are in Majalengka Regency, to assist the research above, the researchers used the Location Quotient (LQ) method to identify areas that competitive advantage at the sub-district level, in the science of regional development planning, mapping of superior commodities is carried out by identifying the economic activities of the commodity area in an area. Advantage can be in the form of comparative advantage or competitive advantage. The comparative advantage of the region can be determined by using the Location Quotient (LQ) analysis approach. LQ analysis itself is an analytical technique used to determine the concentration of an activity in an area within a wider aggregate area coverage. (Edwin Hidayat, 2013).

Based on the explanation above, the authors are interested in conducting research on the development of regional potential and IKM potential in Majalengka district as a Final Project research with the title "ANALYSIS OF REGIONAL POTENTIAL AND SMALL MEDIUM INDUSTRY POTENTIAL USING LOQATION QUOTIENT (LQ) METHODS, LOCALITATION INDEX (LI) AND SPECIALIZATION INDEX (SI) IN MAJALENGKA REGENCY".

Research Method

Determination of Research Objects and Preliminary Studies/Field Observations.

Determination of the object of this research is done by submitting a proposal to the Head of the Study Program and determining the title of the research to be taken is done by looking at the condition of the issues regarding economic development which is based on the number of home industries which are increasing every year in line with the existing economic conditions. in Indonesia. The research locations are all sub-districts in Majalengka Regency, Responsarat Province which are geographically located at coordinates 60 32' - 70 4' south latitude and 10802' - 1080 24' east longitude, totaling 26 sub-districts (sub-district IKM data in 2018).

Types and Techniques of Data Collection

The type of data used in this study consisted of primary data and secondary data. The primary data used is the sub-district IKM data in 2018, while the secondary data includes the IKM name, address, product, annual production amount, main KBLI group, KBLI, coordinate point and elevation. Data were collected using interview and GPS tracking methods.

Data Analysis Method

The collected data was then analyzed using the LQ, LI and SI analysis methods. The LQ value is used to show the value of the activity/sector basis of the IKM, the LI value is used to determine which areas have the potential to develop certain activities, and the SI value is used to see the specialties/distinctiveness of a particular sub-region.

LQ, LI and SI analysis

In the science of regional development planning, mapping of superior commodities is carried out by identifying the economic activities of these commodities in an area. Advantage can be in the form of comparative advantage or competitive advantage. The comparative advantage of the region can be determined by using the Location Quotient (LQ) analysis approach. LQ analysis itself is an analytical technique used to determine the concentration of an activity in an area within a wider aggregate area coverage. An area is said to have a competitive advantage if within a certain time it has increased compared to other regions (Rustiadi et al. 2011).

Results and Discussion

Data collection

This data was collected by means of a direct field survey by a team of surveyors from the Department of Trade and Industry of Majalengka Regency which was carried out in 2018 and the following data were produced:

Table 5.1 Data for Small and Medium Industries Kab. Majalengka in 2018 by KBLI Class

Nama Kecamatan	Golongan KBLI														Total
	10	12	13	14	15	16	17	20	21	22	23	25	31	32	Per Ke.
Agapora	12					4	2								18
Banjarn	24					1	1					3	1	1	31
Bantarujeg	17										3	1			21
Cigasong	17					7					43	1			68
Cikijing	26		1	31		1							1		110
Cingambul	61			18		6					1		1	1	88
Danruan	19		1	2			2				83		2	2	111
Jatitujah	11		1	1		1							1		15
Jatirangi	51			3	1	1		1			68				105
Kadipaten	24			1							7		2		34
Kasokandel	7			4	1	1					181		3		197
Kertajati	12		1	2		1					18		3		37
Lemahsugih	52	16	3	8		11					8		3	1	82
Luwirmanding	12		16	29		20					2	1	5		85
Ligung	10					5					37	1	5		58
Maja	28			3	1	1	1				2				36
Majalengka	45			1											46
Melurusma	24		15			2	2				1			12	56
Palaah	126		1	9		1					6	2			145
Panyingkiran	11			1		2					9	2	3		28
Rajagaluh	29			5		4						1	16		55
Sindang	2					4							3		9
Sindangwangi	20		3	3		46			1	41		14	1		129
Sukahaji	17		1			5					9		4		36
Sumberjaya	22	1		9	5	8				1	3	47	3	2	101

Source: Secondary Data from the Department of Trade and Industry Kab. Majalengka

From Table 5.1 Data for Small and Medium Industries Kab. Majalengka Year 2018 According to the KBLI Group, the following calculations can be made:

Table 5.5 Specialization Index Calculation

Kecamatan	Kecamatan K. B. B. 1											Total
	01	02	03	04	05	06	07	08	09	10	11	
Banjarnegara	0,21				0,2		0,2					0,2
Cingambul	0,21				0,2		0,2				0,2	0,2
Dawuan	0,21				0,2		0,2				0,2	0,2
Kasokandel	0,21				0,2		0,2				0,2	0,2
Lemahsugih	0,21				0,2		0,2				0,2	0,2
Leuwimunding	0,21				0,2		0,2				0,2	0,2
Maja	0,21				0,2		0,2				0,2	0,2
Palasah	0,21				0,2		0,2				0,2	0,2
Sindangwangi	0,21				0,2		0,2				0,2	0,2
Sumberjaya	0,21				0,2		0,2				0,2	0,2
Talaga	0,21				0,2		0,2				0,2	0,2

From the data table 4.8 Specialization Index (SI) calculations adjusted for the interpretation of the equation, it is found that the sub-districts that have the potential for distinctiveness are the red ones, Banjarnegara District, Cingambul District, Dawuan District, Kasokandel District, Lemahsugih District, Leuwimunding District, Maja District, Palasah District. , Kecamatan, Palasah, Kecamatan, Sindangwangi, Kecamatan, Sumberjaya and Kecamatan Talaga because it is included in the interpretation category of the SI equation at point 2, i.e. if the value is close to 1, it means that there is a unique activity. This means that the observed sub-regions have typical activities whose development is relatively prominent compared to those in the sub-regions and vice versa for sub-districts that are not marked in the table, the sub-district is included in point 1 where if the value is close to 0 it means that there is no specific activity. This means that the observed sub-regions do not have typical activities that are relatively prominent in their development compared to other sub-regions.

Conclusion

- a. Calculation of Location Quotien (LQ) Based on table 5.2 Calculation of Location Quotien (LQ) the results obtained are in table 5.3 Regional Potential and Small and Medium Industry Potential which this result means that the potential growth of a region cannot only be seen from the state of the region. but it can also be seen from the large number of Small and Medium Industries that exist in the region because when viewed from the state of the region it is not in accordance with the potential of its Small and Medium Industries.
- b. Calculation of the Localisation Index (LI) Based on the results of the calculations in table 5.4 the calculation of the Localisation Index of an area that has a potential tendency for regional concentration can be seen from the number of raw materials and expertise available in the area.
- c. Calculation of the Specialization Index (SI) Based on the data in table 5.5 the calculation of the Specialization Index there are 11 districts that can be said to have regional characteristics, namely Banjarnegara District, Cingambul District, Dawuan District, Kasokandel District, Lemahsugih District, Leuwimunding District, Maja District, Palasah District, District , Palasah, Kecamatan, Sindangwangi, Kecamatan, Sumberjaya and Kecamatan Talaga,

because it has a value that matches the value of the equation from the Specialization Index (SI) method. However, in the research that the researchers did was to see the potential possessed by Majalengka Regency in the form of numbers not only in visual form.

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