

The Role of The Basic Sector In The Regional Natural Income In Makassar City

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Abstract

This study aims to determine the sectors that are included as the base sector in Makassar City and to determine the magnitude of the influence of the manufacturing industry base sector, the construction sector, the wholesale and retail trade sector; repair of cars and motorcycles, as well as the information and communication sector on Regional Original Income in Makassar City. The data collection technique used in this research is the documentation technique. The data sources are secondary data obtained from the Regional Finance and Assets Agency of South Sulawesi Province and the Central Statistics Agency of Makassar City. Furthermore, the method used to answer the problems in this research is Location Quotient (LQ) analysis and simple regression analysis. The results of this study indicate that there are 11 sectors identified as the base sector in Makassar City, namely the manufacturing industry sector; water supply, waste management, waste and recycling; construction; wholesale and retail trade, repair of cars and motorcycles; provision of accommodation and food and drink; information and communication; financial and insurance services; company services; Education services; health services and social activities as well as other services with an average value of LQ more than 1. By using a simple regression model, it is obtained that the manufacturing sector, the construction sector, the wholesale and retail trade sector; Car and motorcycle repairs, as well as the information and communication sector have a positive and significant impact on Makassar City's PAD

Keywords: PAD; PDRB; Basic Sector.

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INTRODUCTION

Regional Original Revenue (PAD) is revenue that is obtained by the region from sources within its own territory which is collected based on regional regulations in accordance with applicable laws and regulations. (Nurasiah, 2017) . The purpose of Regional Original Revenue contained in Law Number 32 of 2004 concerning Regional Government Article 3 is to give authority to regional governments to fund regional autonomy in accordance with regional potential as a manifestation of decentralization. So, the higher the Regional Original Revenue received by the region, the higher the region's ability to implement decentralization because Regional Original Revenue is one of the important sources of funding for the region (Halim, 2001 ; Dwita, 2017) .

With the enactment of Laws No. 32 and 33 of 2004 concerning regional government and the granting of the widest possible autonomy, it means that local governments are expected to be able to prepare themselves in increasing capacity and

independence, especially the readiness of autonomous regional governments in exploring financial sources for financing regional development. Increasing Regional Original Income aims to increase the ability of regions to finance government administration and development, in addition to funds originating from the central government (Wulandari, 2016) . The exploitation of this source of Regional Original Income is adjusted to the capacity of the region based on the ability of the available resources. The increase in Regional Original Income is carried out, among others, through efforts to encourage an increase in community economic activities (Ratag et al., 2016) .

The regional government seeks to empower and optimize all regional financial sources optimally. This includes exploring and collecting revenues from Regional Original Revenue. The size of the Regional Original Income is strongly influenced by the potential that can be extracted which is assumed by the ownership of natural and human resources (Andiyana, 2018) . With the demand to increase the ability and independence of the region, automatically Regional Original Income also needs to be increased to finance all activities for the welfare of the community in a fair and equitable manner. The way to increase the revenue of Regional Original Revenue is to build potential economic sectors. So by knowing and developing the basic sector or sector that has the potential in Makassar City, the regional economy will be pushed up (Maasawet et al., 2021) .

The differences in economic potential, natural resources and human resources will create a gap in the accumulated Regional Real Income. The phenomenon of disparities and relatively low acceptance between regions in the implementation of regional development causes local governments to often face obstacles. There is a very large dependence of the region either the province or the district or vice versa, due to the limited ability of the region in financing regional tasks. The role of donation assistance such as the increasing press in regional spending. Ambiguity about which level of government should be responsible for the implementation of government duties (Dwita, 2017) .

Makassar City is a city that has a very high growth rate where economic and government activities are centered in the city. The centralization of all activities in the city of Makassar which causes economic growth in the city which is more advanced than the surrounding cities such as Maros and Gowa, it can be shown by the large number of industries and trades in Makassar City. The increase in industry and trade in Makassar City will have an effect on economic growth and development in Makassar City, so that economic growth in Makassar City makes me interested in researching. Regional Original Revenue, and the sources that support it have always been a problem, not only in the past but also at this time when regional autonomy must be developed optimally (Alim, 2016)

The implementation of broad, real and responsible regional autonomy is shown by the delegation of decision-making authority, financing, administration of local government and regional development based on the law and aspirations of the community. (Wulandari, 2016) . The government's efforts to increase the role of local revenue sources and regional capabilities in the financial economy have long been launched and started since Pelita I, this policy seems to be a reflection of efforts to create more autonomous regions without ignoring the importance of financial relations between the central and regional governments. The granting of greater

autonomy and responsibility from the central government to regional governments is in principle intended to assist the central government in administering government in general (Insukindro et al , 1994 ; Sham, 2020) .

One of the important factors in regional development planning is to build the regional economy so that it has high competitiveness so that it continues to grow in encouraging the growth of other sectors. (Syafrial and Efani, 2018) . In carrying out economic development, various special criteria are needed in determining the basic sectors or leading sectors. The basic economic theory classifies all economic activities into two sectors, namely the basic sector and the non-basic sector (Saraswati, 2018) . What is meant by "basic activities" are activities of a community whose results are either in the form of goods or services intended for export out of the community or oriented outward, regionally, nationally and internationally. In relation to the international scope, a sector is said to be superior if the sector is able to compete with the same sector as other countries. Meanwhile, with a national scope, a sector can be categorized as a leading sector if the sector in a certain area is able to compete with the same sector produced by other regions in the national or domestic market. If the sector becomes a base (leading) sector, the sector must export its products to other regions, on the contrary if the sector becomes a non-base (not superior) sector, the sector must import the sector's products to other regions (Elsjamina, 2014 ; Alim, 2016) .

(Douglas C. North , 1999 ; Sidiq and SE, 2020) states that the export sector plays an important role in regional development, because the sector can make an important contribution to the regional economy, namely: (a) exports will directly increase the income of production factors and regional income, and (b) export developments will create demand for local industrial production, namely industries whose products are used to serve local markets. The growth of a region is determined by the exploitation of natural benefits and the growth of the export base of the region concerned. The economic basis theory states that the main determining factor for the economic growth of a region is directly related to the level of demand for goods and services from outside the region (Ibnur, 2014) . The growth of industries that use local resources, including labor and raw materials for export, will generate regional wealth and create job opportunities. The measurement method can be done by comparing the price per unit, the level of technology used, the added value produced, product quality and others (Maasawet et al., 2021) . From this activity, of course, it is very necessary to choose what business sector development is important to be developed in Makassar City.

If the local government can manage its economic sectors into a basic sector that can export its products to other regions, the Regional Original Income can increase along with the increase in product output from the base sector so that the Makassar City Government's financial capacity in regional financing can be fulfilled to the fullest. (Fadli, 2016) . To find out how big the role of Makassar City's regional base sector in increasing Regional Original Income, we need a method that is useful for assessing and projecting economic growth. Henceforth, it can be used as a guideline in determining what actions should be taken to accelerate the existing growth rate.

Economic Base Theory is the main determining factor for the economic growth of a region which is directly related to the demand for goods and services from outside the region (Sidiq, 2020) . In the next explanation, it is explained that the growth of industries that use natural resources Local resources, including labor and raw materials for export, will generate regional wealth and create job opportunities. This

assumption provides an understanding that a region will have a leading sector if the region can win the competition in the same sector as other regions so that it can produce exports. There are a series of economic theories as theories that seek to carry out regional changes that emphasize the relationship between the sectors contained in the regional economy. There are several methods used to analyze leading sectors, but the method commonly used is the Location Quotient (LQ) method. (Pondaag et al., 2015) .

In theory, the analysis of the economic base is concerned with the identification of export base income (Richardson 1977 ; Zulmi, 2018) it is said that increasing the number of basic activities in a region will increase the flow of income into the region concerned which in turn increases the demand for goods or services within the region so that in the end it will lead to an increase in the volume of non-basic activities. On the other hand, a decrease in basic activity will result in reduced income flowing into an area, which will cause a decrease in product demand from non-basic activities.

The leading sector of the economy is a sector that has high resilience and capability so that it can be used as the foundation of hopes for economic development. The leading sector is the backbone and driver of the economy, so it can also be referred to as the key sector or the leading sector of the economy of a region. Thus, the leading sector is a reflection of an economic structure, so it can also be seen as one of the defining aspects or characteristics of an economy (Ministry of Agriculture, 2005 ; Andiyana, 2018) . Current economic policy development is directed at leading economic sectors that are closely related to the interests of the wider community and at the same time in accordance with local economic resources. The role of the leading sector is increasingly strategic, because it is a sector that is able to make a significant contribution to foreign exchange earnings.

Economic growth is one of the important indicators to analyze the economic development that occurs in a country or region. Growth is not synonymous with development. Economic growth is one of the many conditions needed in the development process. Economic growth only recorded an increase in the production of goods and services nationally, while development had a wider dimension. One of the targets of regional economic development is to increase the rate of regional economic growth. Economic growth is a long-term economic problem (Ratag et al., 2016) . According to the views of classical economists such as Thomas Robert Malthus, Adam Smith, David Ricardo and John Stuart Mill, there are 4 factors that influence economic growth, namely population, total stock of capital goods, land area and natural wealth and the level of technology used. (Sukirno, 2006; Nurasiah, 2017) . The growth pattern developed by neo-classical thinkers who argues that economic growth stems from the effect of investment and the addition of the number of workers on output growth and the process of increasing the production of goods and services in the economic activities of society. The rate of economic growth must be higher than the rate of population growth so that an increase in per capita income can be achieved.

According to the Law of the Republic of Indonesia No. 33 of 2004, Article 1, Regional Original Revenue is the revenue obtained by the region from sources within its own region which is collected based on regional regulations in accordance with applicable laws and regulations. Original Regional Revenue is a source of regional revenue that is originally dug up in the region which is used for the local government's authorized capital in financing development and regional efforts to minimize

dependence on funds from the central government. Regional Original Revenue is revenue from local tax levies, service fees, contributions from other official revenues, profits from regional companies and development revenues that are excavated or generated by the region concerned (Devas, 1989 ; Dwita, 2017) .

Gross Regional Domestic Product is the amount of gross added value arising from all economic sectors in the area (Haryanti, 2018) . Gross Regional Domestic Product can describe the ability of a region to manage its natural resources. Therefore, the amount of Gross Regional Domestic Product produced by each region is very dependent on the potential of production factors in that area. The existence of limitations in the supply of these production factors causes the amount of Gross Regional Domestic Product to vary between regions. In the economy of a country, each sector depends on the other sector. One another need each other both from raw materials and the final product. The industrial sector requires raw materials from the agricultural and mining sectors, the results of the industrial sector are needed by the agricultural and service sectors. Calculation of Gross Regional Domestic Product can be done using two methods, namely direct and indirect (allocation) (Mahfudh et al., 2021)

METHODS

The population in this study is the entire GRDP of Makassar and South Sulawesi as well as the Regional Original Income of Makassar City. The sampling technique used is purposive sampling, namely taking samples not based on random, regional or strata, but based on considerations that focus on certain goals. This sampling technique was taken for the last 10 years through the Central Statistics Agency. The type of data used in this study is time-series data based on the 2010–2019 time series. The data collection technique used in this research is the documentation technique. While the data source is secondary data obtained from the Regional Financial and Assets Agency of Sulawesi Province and the Central Statistics Agency of Makassar City. The secondary data used in this study include: (1) Makassar City PAD data for 2010-2019. (2) Makassar City GRDP data based on constant prices and South Sulawesi Province during 2010-2019.

The data analysis method used is Location Quotient (LQ) analysis. Location Quotient analysis technique is one of the analytical techniques in development planning that is used to analyze potential sectors or base sectors in an area, by measuring the concentration of an economic sector in an area by comparing the role of the sector in the regional economy of Makassar City with similar sectors in the economy. South Sulawesi Province. Furthermore, simple regression analysis is used to predict or test the effect of one independent variable or independent variable on the dependent variable or dependent variable. As well as hypothesis testing which consists of the correlation coefficient test (r), the coefficient of determination test (R^2) and partial test.

RESULTS AND DISCUSSION

Location Quotient Analysis. Based on the results of the analysis of the average Location Quotient value of 17 economic sectors in Makassar City in 2010-2019, it can be seen that there are 11 sectors identified as the base sector, namely the manufacturing industry sector; water supply, waste management, waste and recycling; construction;

wholesale and retail trade, repair of cars and motorcycles; provision of accommodation and food and drink; information and communication; financial and insurance services; company services; Education services; health services and social activities as well as other services with an average value of LQ more than 1. This shows that Makassar City has been able to meet its own needs in this sector and it is possible to export goods and services outside the region to this sector. Therefore, it can be said that with exports, Makassar City will get income. This flow of income from outside the region causes an increase in consumption and investment in Makassar City, which in turn will increase income and create new job opportunities.

Meanwhile, several other sectors, including non-base sectors with an average value of LQ more than 1, are agriculture, forestry, and fisheries; mining and excavation; procurement of electricity and gas; transportation and warehousing; real estate; government administration, defense and compulsory social security, thus causing these sectors to have a tendency to import from other regions (provinces).

The Explanation of the Base Sector:

Manufacturing Sector. The manufacturing sector is the basic sector with an average LQ value of Rp. 1.45. The contribution of the Information and Communication sector in the formation of the Makassar City GRDP is an average of 20.16 percent. The highest contribution was in 2010 at 21.45 percent, and the lowest was in 2019 at 18.55 percent. Despite the decline, this sector is able to meet the needs of the domestic region and can export to other regions. The sub-sectors that provide the largest contribution and role to the GRDP of Maros Regency are the non-metallic mineral industry, the food and drink industry and the metal goods industry: computers, electronic goods, optics and electrical equipment. The high value of LQ is caused by the growth of many new industries such as the eating and drinking industry and the large number of processed beverage packaging, not only that but the sub-sector of the non-metallic minerals industry, namely the largest giant industry in eastern Indonesia, namely Semen Bosowa which is the driving force of the economy. and support in the Management Industry sector.

Water Supply, Waste Management, Waste and Recycling Sector. The service sector for water supply, waste management, waste and recycling is the basic sector with an average LQ value of Rp. 1.79. This business field includes the procurement of natural and artificial gas electricity, hot steam, hot water, cold air and the production of ice and the like through permanent infrastructure networks, channels or pipes. The dimensions of the network/infrastructure cannot be determined with certainty including the distribution of electricity, hot steam gas and hot water as well as air and hot water cooling and air and water cooling for the purpose of producing ice for food/beverage and non-food purposes. This category also includes the operation of machinery and gas that generates and controls, distributes electric power or gas also includes the supply of hot steam and air conditioning. This explains that the Electricity and Gas Procurement sector can meet the domestic needs of Makassar City and is also able to meet the needs of its own region.

Construction Sector. The construction sector is the basic sector with an average LQ value of Rp. 1.33. The contribution of this sector in the formation of the GRDP of Makassar City is on average 15.94 percent. The highest contribution was in 2019 at 16.35 percent, and the lowest was in 2011 at 15.10 percent. Construction business field,

namely business activities in the field of general construction and special construction works for buildings and civil buildings, whether used as residences or other activity facilities. This construction activity includes covering new work, repairs, additions and changes to the establishment of a structural building factory at the project site as well as temporary construction. This construction activity is carried out by both general contractors, namely companies doing construction work for other parties, or by special contractors, namely business units or individuals who carry out construction activities for their own use.

Wholesale and Retail Trade Sector; Car and Motorcycle Repair. Wholesale and Retail Trade Sector; Car and Motorcycle Repair is the basic sector with an average LQ value of Rp. 1.36. The contribution of this sector in the formation of the GRDP of Makassar City is 19.37 percent on average. The highest contribution was in 2019 at 20.53 percent, and the lowest was in 2015 at 18.87 percent. Although the value has fluctuated over the last ten years, this sector is still able to meet its domestic needs. This business field includes economic activities in wholesale and retail trade, namely sales without technical changes of various types of goods and providing compensation for services that accompany the sale of these goods. Both wholesale, wholesale and retail sales are the final stage in the distribution of merchandise. This business field also includes car and motorcycle repairs.

Sector Provision of Accommodation and Food and Drink. The accommodation and food and drink supply sector is the basic sector with an average LQ value of Rp. 1.67. The contribution of the accommodation and food and drink provision sector to the formation of the Makassar City GRDP is on average 2.30 percent. Even though it experienced a decline in terms of LQ Value, the Accommodation and Food and Drink sector was still able to meet the average needs in Makassar City and cover its shortfalls. So it is still classified as a basic sector. This business field includes the provision of short-term lodging accommodations for visitors and other travelers as well as the provision of food and beverages for immediate consumption. The number and types of additional services provided vary widely. Does not include the provision of long-term accommodation such as the main residence, the preparation of food or beverages not for immediate consumption or through wholesale and retail trading activities.

Information and Communication Sector. The Information and Communications sector is the basic sector with an average LQ value of Rp.1.81. The contribution of the Information and Communication sector in the formation of the Makassar City GRDP is on average 11.26 percent. If we look at the annual contribution of this sector, it continues to increase although there is a slight decline in 2019. The highest contribution was in 2018 at 12.18 percent, and the lowest was in 2010 at 9.79 percent. This cannot be separated from the continuous efforts to improve facilities and service speed by telecommunication companies such as the development of fiber optic networks. In addition, the increasing use of the internet, including for online transactions, also affects the Information and Communications sector. This business field includes the production and distribution of information and cultural products, supplies of tools to transmit or distribute these products as well as data or communication activities, information, technology and data management as well as other information service activities. This category consists of several industries,

namely publishing, motion picture production, video, sound recording and music publishing, broadcasting and programming (radio and TV) telecommunications, programming, computer consulting and information technology.

Financial Services and Insurance Sector. The Financial Services and Insurance Sector is the base sector with an average LQ value of Rp. 1.59. The contribution of the Information and Communication sector in the formation of Makassar City's GDP is on average 5.43 percent, which means that this sector is able to meet its domestic needs. The highest contribution was in 2012 and 2013 which was 5.60 percent and the lowest was in 2010 which was 4.80 percent. This business field includes financial intermediary services, insurance and pensions, other financial services and financial support services. This category also includes asset holder activities, such as holding company activities and activities from institutions or funding from similar financial institutions.

Corporate Services Sector. The Corporate Services Sector is the basic sector with the highest average LQ value of Rp. 2.52. This shows that this sector is able to meet the needs in the Makassar City area and has the potential to be developed and can be a resource to encourage the Makassar City economy because it has strength and good prospects in the future. This company service category is divided into two combinations, namely category M and Category N. Category M includes professional, scientific and technical activities that require a high level of training and produce knowledge, while category N includes activities that support business operations in general. The contribution of the Corporate Services sector in the formation of GRDP is on average with a very satisfactory value of 1.08 percent.

Education Services Sector. The Education Services Sector is the basic sector with an average LQ value of Rp. 1.66. The contribution of this sector in the formation of GRDP in Makassar city is 9.08 percent by proving that this sector is able to meet its domestic needs. During these ten years, the Education Services sector was highest in 2010 with a value of 9.18 percent and the lowest was in 2014 with a value of 8.97 percent. This field of business includes educational activities at various levels and for various occupations, either orally or in writing as well as by various means of communication. This category also includes public and private education as well as teaching that is mainly about sports activities and educational support. Education can be provided indoors, through radio and television broadcasts, the internet and correspondence. The level of education is grouped as basic education activities, secondary education, higher education, and other education. It also includes educational support services and early childhood education.

Health Services and Social Activities Sector. The Health Services and Social Activities sector is the basic sector with an average LQ value of Rp. 1.34. The contribution of this sector in the formation of the GRDP of Makassar City is on average 2.56 percent. The highest contribution was in 2019 at 2.68 percent, and the lowest was in 2013 at 2.48 percent. This field of business includes the activity of providing health services and activities that are quite broad in scope, starting from health services provided by trained professionals in hospitals and other health facilities to home care activities involving professional health workers. Activities of providing health services

and social activities that include hospital services, clinical services, other hospital services, doctor's practice, services performed by paramedics, traditional health services, health support services, special transportation services for the transportation of sick people, animal health services and social activity services.

Other Service Sector. The other service sector is the basic sector with an average LQ value of Rp. 1.91. The contribution of this sector in the formation of the GRDP of Makassar is 2.50 percent. The highest contribution was in 2019 at 2.66 percent, and the lowest was in 2015 at 2.44 percent. The business field for the service sector is a combination of 4 categories. This category has a fairly broad range of activities which include arts, entertainment, recreation, computer repair services and personal goods and household goods, individual services serving households, activities that produce goods and services by households that are used alone to meet their own needs. , private services, others.

The following is an explanation of the non-base sector:

Agriculture, Forestry and Fisheries Sector. The Agriculture, Forestry and Fisheries sector is a non -basic sector with an average LQ value of Rp. 0.02. The contribution of this sector in the formation of GRDP is on average with a very minimal value of 0.53 percent. For ten years the contribution of this sector has been stagnant and its development is relatively lagging behind other sectors. It is very certain that this sector is not a basic sector in the economic sector which covers the economic field of Makassar City and is unable to meet its domestic needs. Agriculture, forestry and fishery business which consists of food crops sub-sector, horticultural crops, plantation crops, animal husbandry, agricultural services and hunting, forestry and logging sub-sectors and fishery business sub-sectors. To meet the needs in the agriculture, forestry and fishery sectors, they still have to import 0.47 percent if the LQ is equal to one. Means sufficient to meet the needs in the region. And not only that, what makes this sector not a basic sector in the economy of Makassar City, one of which is because many investors are targeting areas in Makassar City to develop middle-class housing which was formerly agricultural land where farmers grew crops and depended on their fate in rice fields. as a field and a place to meet their needs. In addition, in the forestry and logging sub-sectors, this sector still cannot be relied on, this is due to the reduction in forest land due to changing functions and there is still a lot of illegal logging carried out by the community.

Mining and Quarrying Sector. The Mining and Quarrying Sector is a Non-Basic sector with an average LQ value of Rp. 0.00. From this value, it is clear that this sector has not been able to meet the needs of its own region and is one of the sectors with the lowest LQ value. This should be taken into consideration by the government and the role of the community to promote underdeveloped or non-basic sectors. In order to make a full contribution to the regional economy of Makassar City. The contribution of the Mining and Quarrying sector in the formation of GRDP is equal to 0 (zero) percent. This figure is very small compared to other sectors over the past ten years. All types of commodities included in the Mining and Quarrying category are grouped into four sub-sectors, namely: Oil and gas mining, coal and lignite mining, ore mining and other mining and quarrying.

Electricity and Gas Procurement Sector. The electricity and gas procurement sector is a non -basic sector with an average LQ value of Rp. 0.47. This explains that the Electricity and Gas Procurement sector cannot meet the domestic needs of Makassar City, which means that this sector must import 0.53 percent if it wants an LQ value more than 1, and is also able to meet the needs of its own region. This business field includes gas power supply activities. natural and artificial, hot steam, hot water, cold air and ice production and the like pass through the network, ducts or pipes of permanent infrastructure. The dimensions of the network/infrastructure cannot be determined with certainty including the distribution of electricity, hot steam gas and hot water as well as air and hot water cooling and air and water cooling for the purpose of producing ice for food/beverage and non-food purposes. This category also includes the operation of machinery and gas that generates and controls, distributes electric power or gas also includes the supply of hot steam and air conditioning.

Transportation and Warehousing Sector. The transportation and warehousing sector is a non -basic sector with an average LQ value of Rp. 0.67. From this value, it is clear that this sector is a non-basic sector in the Makassar City economy. Thus, this sector is unable to meet its domestic needs and still needs a lot to fix and cover the existing deficiencies if this sector wants more than one LQ. The contribution of the transportation and warehousing sector in the formation of the Makassar City GRDP is on average 2.52 percent. The highest contribution was in 2010 at 2.70 percent and the lowest in 2016 was 2.41 percent. This business field includes the provision of passenger transportation, whether scheduled or not using rail, pipeline, road, water or air and activities related to transportation, the transportation and warehousing sector consists of: Rail transportation, Land transportation, Sea transportation River transportation lakes and crossings, air transportation, warehousing and transportation support services, post and courier. This transportation activity includes the activity of moving passengers and goods from one place to another using transportation means or vehicles, whether motorized or not. Meanwhile, transportation support services include activities that support transportation activities such as terminals, ports, warehousing and others.

Real Estate Sector. The Real Estate sector is a Non-Based sector with an average LQ value of Rp. 0.99. From this value, it is clear that this sector is a non-basic sector in the Makassar City economy. When viewed from the results of the calculation of the LQ, this sector had become the basis in 2010-2015 and after that it decreased and was no longer the basis. Thus, this sector is inconsistent and unable to meet its domestic needs and still needs a lot to fix and cover the existing deficiencies if this sector wants more than one LQ. The contribution of the Real Estate sector in the formation of Makassar City's GDP is an average of 3.55 percent. During these ten years, the sector's contribution was above number one and the highest year was in 2013 at 3.76 percent and the lowest in 2019 was 3.19 percent. This business field includes rental activities, agents and/or intermediaries in the sale or purchase of real estate as well as the provision of other real estate services that can be carried out on one's own or on someone else's behalf which is carried out on a contract fee basis. This business field

also includes building construction activities, building maintenance or rental, real estate is property in the form of land and buildings.

Government Administration, Defense and Mandatory Social Security Sector.

The Government Administration, Defense and Mandatory Social Security sectors are non -basic sectors with an average LQ value of Rp. 0.71. From this value, it is clear that this sector is a non-basic sector in the Makassar City economy. Thus, this sector is unable to meet its domestic needs, this must be a consideration for the government and the role of the community to promote sectors that are lagging or not basic. In order to make a full contribution to the regional economy of Makassar City. This field of business includes activities of a government nature, which are generally carried out by government administration. This category includes laws and legal translations related to the courts and according to their regulations, such as program administration based on laws and regulations on legislative activities, taxation, national defense, immigration services, state security and safety, foreign relations and administration of government programs, and mandatory social security.

Simple Regression Analysis. In this study, of the 11 basic sectors obtained, only 4 sectors had the largest GRDP contribution above 10 percent when viewed from the average distribution of the Makassar City GDP Percentage, where the 4 sectors were the independent variables of the study. While the dependent or dependent variable is Makassar City Original Revenue 2010-2019.

Table 1. Distribution of Makassar City GRDP Percentage (Percent)

Sector	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Flat-Flat
1.	0.670	0.620	0.560	0.560	0.560	0.530	0.510	0.480	0.440	0.420	0.530
2.	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
3.	21.450	20.740	20.530	20.490	20.560	20.350	20.380	20.030	18.520	18.550	20.160
4.	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040
5.	0.260	0.260	0.250	0.250	0.230	0.220	0.200	0.200	0.200	0.180	0.220
6.	15.810	15.100	15.380	15.650	16.080	16.220	16.240	16.270	16.340	16.350	15.940
7.	18.990	19.780	19.310	18.920	18.950	18.870	19.040	19.370	19.970	20.530	19.370
8.	2.700	2.640	2.600	2.560	2.540	2.490	2.410	2.420	2.430	2.440	2.520
9.	2.330	2.320	2.320	2.310	2.290	2.260	2.270	2.280	2.380	2.320	2.300
10.	9.790	10.220	10.950	11.410	11.230	11.390	11.540	11.710	12.200	12.180	11.260
11.	4.800	5.290	5.600	5.600	5.500	5.490	5.750	5.620	5.460	5.190	5.430
12.	3.710	3.680	3.660	3.680	3.750	3.760	3.560	3.360	3.240	3.130	3.550
13.	1.140	1.120	1.100	1.100	1.090	1.070	1.050	1.050	1.070	1.100	1.080
14.	3.960	3.900	3.570	3.330	3.150	3.270	2.960	2.890	3.100	3.070	3.320
15.	9.180	9.160	9.060	9.100	8.970	9.000	8.950	9.090	9.260	9.080	9.080
16.	2.560	2.550	2.500	2.480	2.520	2.530	2.560	2.600	2.660	2.680	2.560
17.	2.530	2.500	2.480	2.450	2.450	2.440	2.470	2.490	2.610	2.660	2.500

Source: Makassar City BPS in Figures

Information:

1. Agriculture, Forestry, and Fisheries;

2. Mining and excavation;
3. Processing industry;
4. Electricity and Gas Procurement;
5. Water Supply, Waste Management, Waste and Recycling;
6. Construction;
7. Wholesale and retail trade, Repair of Cars and Motorcycles;
8. Transportation and Warehousing;
9. Provision of Accommodation and Food and Drink;
10. Information and Communication;
11. Financial and Insurance Services;
12. Real Estate;
13. Company Services;
14. Government Administration, Defense and Mandatory Social Security;
15. Education Services;
16. Health Services and Social Activities;
17. Other Services

To find out the extent to which the Makassar City government manages the sources of Regional Original Income and its development in supporting the implementation of development and the running of the government in Makassar City, the following researchers present data on the development of the realization of Regional Original Income since 2010-2019.

Table 2. Makassar City Original Revenue 2010-2019

No.	Year	Realization of PAD (Billion Rupiah)	Growth (%)
1	2010	210,136,331,091	96.87%
2	2011	351,692,552,589	101.84%
3	2012	491,067,365,847	111.29%
4	2013	619,593,144,215	108.75%
5	2014	730,988,641,341	87.89%
6	2015	828,871,893,345	83.54%
7	2016	971,859,753,606	75.57%
8	2017	1,163,402,240,700.68	78.35%
9	2018	1,185,453,010,990	78.85%
10	2019	1,235,218,976,009.38	76.02%
Total		7,788,283,909,734.06	89.89%

Source: BKAD Prov. Sul-Sel, Processed Data

Based on table 2, Makassar City's PAD revenue growth on average annually grew by 89.89 percent. One of the causes of the decline in PAD revenue is due to a decrease in sources of PAD revenue, both local taxes, regional levies and other legitimate PAD, this happens because of the various regional taxes and levies, but only a few can be relied on as a source of income. sources of revenue and the ability of the community to pay taxes are still low and followed by BUMD have not provided many benefits to local governments. The highest PAD growth occurred in the third year of the study, namely 2012 PAD revenue grew by 111.29 percent. This is due to the intensification of the Makassar City Government or related agencies, namely the Regional Finance and Assets Agency of South Sulawesi Province in collecting and maximizing PAD revenues.

To test whether there is an effect of each independent variable on the dependent, the regression model is tested. From the results of the SPSS 25.0 test, the output of the simple regression model is as follows:

The Influence of the Manufacturing Industry Sector on PAD in Makassar City

Table 3. Correlation Coefficient and Determination Coefficient

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.993 ^a	0.986	0.984	,46083629697,35559

a. Predictors: (Constant) Processing industry

Source: IBM SPSS Statistics 25.0 data calculation results

Table 3 explains the magnitude of the correlation/relationship (R) value, which is 0.993. From the output, it is known that the coefficient of determination (R square) is 0.986, this means that the influence of the Manufacturing Industry Sector on PAD in Makassar City is 98.6 percent.

Table 4. T Test

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1	(Constant)	-1045050226 707.250			-13.167	0.000
	Processing industry	104047.293	4450.751	0.993	23.377	0.000

Dependent variabel: PAD

Source: IBM SPSS Statistics 25.0 data calculation results

Based on table 4, the significance value is 0.000 less than 0.050, and the t value is 23,377 more than t table is 2,306, so it can be concluded that the manufacturing sector has a significant effect on PAD in Makassar City. It is known that the value of Constant (a) is -1.045, while the value of the regression coefficient is 104.047, so that the regression equation is obtained as follows:

$$Y = -1.045 + 104.047 X$$

The equation can be translated: (1) The constant of -1.045 means that the consistent value of PAD in Makassar City is -1.045. (2) The manufacturing industry regression coefficient of 104,047 states that for every additional 1 million rupiah in the Manufacturing Sector, the value of Makassar City's PAD increases by 104,047. The regression coefficient is positive, so it can be said that the direction of the influence of the Manufacturing Industry on PAD in Makassar City is positive.

The Influence of the Construction Sector on PAD in Makassar City

Table 5. Correlation Coefficient and Determination Coefficient

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.982 ^a	0.964	0.959	73172598326,59506

a. Predictors: (Constant), Construction

Source: IBM SPSS Statistics 25.0 data calculation results

Table 5 explains the magnitude of the correlation/relationship (R) value, which is 0.982. From the output, it is known that the coefficient of determination (R square) is 0.964, this means that the influence of the Construction Sector on PAD in Makassar City is 96.4 percent.

Table 6. T Test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	-5816079042 46.861	9627072751 7.424	-6.041	0.000
	Construction	96773.856	4450.751	0.982	14.558

Dependent variabel: PAD

Source: IBM SPSS Statistics 25.0 data calculation results

Based on table 6, the significance value is 0.000 less than 0.050, and the t value is 14.558 more than t table is 2.306, so it can be concluded that the Construction Sector has a significant effect on PAD in Makassar City. It is known that the value of Constant (a) is -5.816, while the value of the regression coefficient is 96,773, so that the regression equation is obtained as follows:

$$Y = -5.816 + 96,773 X$$

The equation can be translated: (1) The constant of -5.816 means that the consistent value of PAD in Makassar City is -5.816. (2) The construction regression coefficient of 96,773 states that for every additional 1 million rupiah in the value of the Construction Sector, the value of Makassar City's PAD increases by 96,773. The regression coefficient is positive, so it can be said that the direction of the influence of the Construction Sector on PAD Makassar City is positive.

Influence of Wholesale and Retail Trade Sector; Car and Motorcycle Repair for Makassar City PAD

Table 7. Correlation Coefficient and Determination Coefficient

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.960 ^a	0.921	0.911	107612727887,307

a. Predictors: (Constant), Wholesale and Retail Trade

Source: IBM SPSS Statistics 25.0 data calculation results

Table 7 explains the magnitude of the correlation/relationship (R) value, which is 0.960. From the output, it is known that the coefficient of determination (R square) is 0.921, this means that the influence of the Wholesale and Retail Trade Sector; Repair of Cars and Motorcycles to PAD Makassar City is 92.1 percent.

Table 8. T Test

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-5499041084	1414309277		-3.888	0.005
		22.720	73.323			
	Wholesale and Retail Trade	77896.320	8047.732	0,960	9.679	0.000

Dependent variabel: PAD

Source: IBM SPSS Statistics 25.0 data calculation results

Based on table 8, the significance value is 0.000 less than 0.050, and the t value is 9.679 more than t table is 2.306, so it can be concluded that the Wholesale and Retail Trade Sector; Car and Motorcycle Repair have a significant effect on Makassar City's PAD. It is known that the Constant (a) value is -5.499, while the regression coefficient value is 77.896, so that the regression equation is obtained as follows:

$$Y = -5,499 + 77,896 X$$

The equation can be translated: (1) The constant of -5.499 means that the consistent value of PAD in Makassar City is -5.499. (2) The regression coefficient for Wholesale and Retail of 77,896 states that for every additional 1 million rupiah the value of the Wholesale and Retail Trade Sector; Car and Motorcycle Repair, then the value of PAD Makassar City increased by 77,896. The regression coefficient is positive, so it can be said that the direction of the influence of the wholesale and retail sector on the PAD of Makassar City is positive.

Influence of Information and Communication Sector on City PAD Makassar

Table 9. Correlation Coefficient and Determination Coefficient

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.980 ^a	0.961	0.956	75554186479,748

a. Predictors: (Constant), Processing industry

Source: IBM SPSS Statistics 25.0 data calculation results

Table 9 explains the value of the correlation / relationship (R) which is equal to 0.980. From the output, it is known that the coefficient of determination (R square) is 0.961, which means that the influence of the Information and Communications Sector on PAD in Makassar City is 96 percent.

Table 10. T Test

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-40730969963 7.312	87555987642. 723		-4.652	0.002
	Processing industry	118395.404	8407.796	0.980	14.082	0.000

Dependent variabel: PAD

Source: IBM SPSS Statistics 25.0 data calculation results

Based on table 10, the significance value is 0.000 less than 0.050, and the t value is 14.082 more than t table is 2.306, so it can be concluded that the Information and Communications Sector has an effect on PAD in Makassar City. It is known that the value of Constant (a) is -4.073, while the value of the regression coefficient is 118.395, so that the regression equation is obtained as follows:

$$Y = -4.073 + 118.395 X$$

The equation can be translated: (1) The constant of -4.073 means that the consistent value of Makassar City's PAD is -4.073. (2) The Information and Communications regression coefficient of 118,395 states that for every additional 1 million rupiah in the value of the Information and Communications Sector, the PAD value of Makassar City increases by 118,395. The regression coefficient is positive, so it can be said that the direction of the influence of the Information and Communication sector on PAD Makassar City is positive.

Discussion

Based on the economic basis theory proposed by (Richardson, 1997; Alhaq et al., 2017) states that the main determinants of economic growth in a region are directly related to the demand for goods and services from outside the region. This means that the greater the export or demand for goods from one region to another, the more advanced the growth of the region will be. The success or failure of regional development depends on economic growth from year to year, which can be shown through the value of GRDP. When viewed from the Percentage Distribution, there are four sectors with the largest contribution, which is dominated by the Manufacturing, Construction, Wholesale and Retail Trade Sector: Car and Motorcycle Repair, and Information and Communication Sector.

Manufacturing Sector. The Production Value of the Manufacturing Sector has increased from year to year but the contribution of the Manufacturing Sector has decreased. In 2010 the contribution of this sector to the GRDP of Makassar City was 21.45 percent until 2019, it continued to decline to reach 18.55percent. This is due to the increasing number of other sectors that make a greater contribution to GRDP, especially the wholesale and retail trade sector. The sector experienced growth and contributed to the GRDP of Makassar City in 2019 by 20.53%. Evidenced by the increasing trade business with the construction of malls and the proliferation of modern stalls such as Indomaret, Alfamidi and others, hotels and restaurants.

The results of the regression in this study indicate that the Manufacturing Sector has a significant effect on PAD in Makassar City. This means that the existence of this

sector is the backbone in Makassar City and supports the receipt of Regional Original Income in Makassar City itself. This analysis is in accordance with the results of previous studies (Hertanto and Sriyana, 2013; Hikmahyanti, 2021). The development of industrialization in Indonesia is also an important factor in the formation of regional income. In recent years, there have been many industries, ranging from the smallest to the largest, where each of these industries has had a positive impact on the surrounding community, as well as on state finances. And in general, the industrial sector is very profitable, especially from the manufacturing sector, which is already a major contribution to this country.

Construction Sector. The increase in the value of GRDP in this sector from year to year is quite stable, but when viewed from the percentage distribution, the contribution to this sector has fluctuated. Where the lowest contribution in 2011 was 15.10 percent until 2019 finally increased by 16.35 percent. The results of this study also show that the Construction Sector has a significant effect on PAD in Makassar City, where its existence is also the backbone and supports the receipt of Regional Original Income in Makassar City itself. It is proven by the role of the construction sector, namely building infrastructure as the provision of complete and good facilities and infrastructure in order to increase productivity, job opportunities and the pace of the economy will attract people to use it so that the value of contribution or added value for services continues to increase. Where the construction sector still plays an important role in economic development so that it can support the receipt of Regional Original Income in Makassar City.

Wholesale and Retail Trade Sector; Car and Motorcycle Repair. The wholesale and retail trade sector; car and motorcycle repairs are still promising to boost economic growth in the city of Makassar because the production value of this trade sector has increased steadily from year to year. Although its contribution decreased slightly in 2013 by 18.92 percent, it was able to increase again with the highest contribution in 2019 of 20.53 percent. This is due to the increasing trade business with the construction of malls and the proliferation of modern stalls such as Indomaret, Alfamidi and others, hotels and restaurants. The regression results in this study show that the wholesale and retail sector regression coefficient is 77.896, which means that the wholesale and retail sector has a positive influence on PAD in Makassar City. The effect is in accordance with the theory and statistically significant. In theory, if the Wholesale and Retail Trade Sector increases, it will encourage the desire of consumer actors to use an item or service. So that it can increase consumption power which causes an increase in the GRDP of this sector.

According to the theory of absolute advantage (absolute advantage) by Adam Smith as an improvement from the theory of mercantilism. According to Adam Smith, trade will increase prosperity if carried out through a free trade mechanism, each country will benefit from trade because it specializes in production and exporting goods if that country has an absolute advantage. Research conducted by (Amiri et al., 2015) shows that the trade sector has a positive and significant effect on PAD in Makassar City.

Information and Communication Sector. The Information and Communications Sector is known to support almost all business activities. Some

belonging to this sector include publishing activities, multimedia production, broadcasting and programming, telecommunications, and information service activities on the internet. The production value of the Information and Communications Sector has increased from year to year and its contribution continues to increase from 9.7 percent in 2010 to 12.18 percent in 2019. This is because the use of internet data for social media, online transactions, and so on continues to increase. The current digital age has a very significant effect on economic growth in Makassar City, because in essence technology makes work easy, efficient, and effective. Making it easier to carry out activities, especially for economic development in Makassar City. So with the help of this technology it is easier and getting increased production results, eventually it will also affect the economic development in Makassar City which will later support the acceptance of Regional Original Income.

The Information and Communications Sector has a significant effect on Makassar City's PAD. The development of applications, the number of capacities and service facilities in Makassar City, which are increasingly diverse, starting from telephone calls, sms, mms, gprs, 3G, 4G, 5G, increase the value of support for main business activities in their respective sectors, thus enabling companies to maximize profit margins or increase revenue. . Several previous studies on the effect of ICT on the economy have proven a significant effect on economic growth. Preliminary research in the United States by (Jorgenson et al., 2016) at the macro level, shows that the role of ICT in productivity and economic growth is very small. However, later studies show that investment in ICT has a great influence on labor productivity and economic growth.

CONCLUSION

Based on the results of the research and discussion, it is concluded that the basic sector of the Manufacturing, Construction, Wholesale and Retail Industry, Car and Motorcycle Repair, and Information and Communications Sector has a positive and significant impact on PAD in Makassar City. The suggestions that can be given are that the Makassar City Government is expected to be able to make a policy flow that supports the development and progress of the economic sector which is the basis sector to encourage and stimulate the growth of other sectors. So that the contribution of the sector is getting higher to the GRDP of Makassar City and is also able to become a reference for economic growth which will have a positive effect on the regional economic development of Makassar City.

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