

CHAPTER V

Conclusion and Suggestions

5.5 Conclusion

1. Based on the results of the Location Quotient LQ analysis using Gross Regional Domestic Product (GRDP) data for West Lombok Regency for 2013–2024, there are 12 sectors categorized as LQ base sectors > 1 , namely:

1. IndustryProcessing with an average LQ value of 1.116.
2. Electricity and Gas Procurement with an average LQ value of 1.270.
3. Water Supply, Waste Management, Waste and Recycling with an average LQ value of 1.455.
4. Construction with an average LQ value of 1.341.
5. Transportation and Warehousing with an average LQ value of 1,660.
6. Provision of Accommodation and Food and Beverages with the highest average LQ value of 3.465, reflects the dominance of the tourism sector in the West Lombok region.
7. Information and Communication with an average LQ value of 1.125.
8. Real Estatewith an average LQ value of 1.098.
9. Government Administration, Defense and Mandatory Social Security with an average LQ value of 1.087.
10. Educational Serviceswith an average LQ value of 1.101.

11. Health Services and Social Activities with an average LQ value of 1.038.

12. Service Others with an average LQ value of 1.119.

These basic sectors have comparative advantages and higher specialization compared to the average of West Nusa Tenggara Province, so they have the potential to become the driving force of the regional economy as well as a source of export revenue for West Lombok Regency. In contrast, there are 5 non-basic sectors with $LQ < 1$, namely Agriculture, Forestry and Fisheries 0.942, Mining and Quarrying 0.389, Wholesale and Retail Trade 0.978, Financial Services and Insurance 0.957, and Corporate Services 0.589, which indicates that these sectors have not been able to meet local needs independently.

2. Based on the results of the Shift Share analysis Based on the results of the Shift Share analysis for 2013-2024, it can be concluded that:

Proportional Shift Share (PS): All 17 economic sectors in West Lombok Regency recorded negative PS values. This indicates that, proportionally, the absolute contribution of all sectors decreased relative to the provincial scale when growth followed the provincial rate. The largest absolute negative PS values were found in the Wholesale and Retail Trade sector (-1,365.706), the Construction sector (-1,364.899), and the Transportation and Warehousing sector (-1,048.802).

Shift Share PR (Proportional Share): All sectors in West Lombok Regency have a positive PR value, meaning they are growing faster than the average growth of similar sectors in West Nusa Tenggara Province. The highest PR values are found in Wholesale and Retail Trade (51,943), Construction (51,396), and Transportation

and Warehousing (40,195). This reflects that the economic structure of West Lombok Regency is on a prospective and regionally competitive growth path.

Shift Share DS (Differential Shift): There are 4 sectors that have positive DS values, indicating locational advantages or superior competitiveness, namely Transportation and Warehousing (21.488), Financial Services and Insurance (2.686), Manufacturing (0.111), and Water Supply, Waste Management, Waste and Recycling (0.016). The other sectors recorded negative DS values, indicating that despite growing rapidly proportionally, their competitiveness still lags behind that of the same sector at the provincial level.

3. By examining the results of simultaneous tests, both the leading and non-leading sectors have a significant and positive influence on labor absorption in West Lombok Regency. In terms of labor absorption, the leading sector is able to absorb a significant number of workers, while the non-leading sector in West Lombok Regency also shows a greater influence on labor absorption than the leading sector.

4. Based on the regression analysis per basic sector, the Manufacturing Industry is the basic sector with the greatest influence on labor absorption in West Lombok Regency with an R^2 value of 0.797 and a significance of 0.000, followed by Transportation and Warehousing with an R^2 of 0.344 and a significance of 0.045. In contrast, the Accommodation and Food and Beverage Provision sector which has the highest LQ does not have a significant influence, indicating the occurrence of capital-intensive economic growth without being followed by adequate absorption of local labor. Meanwhile, from the non-basic sector side, the Financial Services and Insurance sector is the non-basic sector with the largest labor absorption, as

indicated by the highest calculated T value among all non-basic sectors tested, namely 7.314 with a significance of 0.000. The calculated T value of this sector even exceeds all significant basic sectors, indicating that despite its non-basic status, the role of the Financial Services and Insurance sector in encouraging local labor absorption is very dominant. On the other hand, the Corporate Services sector is a non-basic sector with the weakest influence, indicated by the lowest calculated T value of 0.356 and is not statistically significant.

5.2 Suggestion

Based on the research on "Analysis of the Relationship between Basic Economic Sectors and Labor Absorption" above, the author formulates several suggestions as follows:

1. The West Lombok Regency Government is expected to be able to continue to encourage the growth of the economic sector in West Lombok Regency through improvements in infrastructure, technological innovation and the quality of human resources in order to accelerate the rate of economic growth in West Lombok Regency.
2. The West Lombok Regency Government should prioritize the 12 basic sectors identified in the analysis in its regional economic development plan (RPJMD). Budget allocation, investment incentives, and supporting infrastructure development should be directed proportionally to these basic sectors to maximize their contribution to economic growth and employment.

3. The West Lombok Regency Government needs to improve the quality of human resources by providing equal access to education, strengthening the compulsory education program, and providing job training and vocational education tailored to the needs of the region's leading sectors. This is crucial because data from the Average Years of Schooling (RLS) from 2015–2025 shows that the community's education level remains relatively low, thus hindering labor absorption in productive sectors. By improving the quality of education and workforce skills, it is hoped that local communities will be able to compete in the workforce, increase productivity, and support more inclusive and sustainable regional economic growth.