

Potential Sectors That Can Help Increase Local Revenue in Mahakam Ulu

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ABSTRACT

This study aims to find sectors that can contribute to the increase in Local Original Income (PAD) of Mahakam Ulu Regency. Mahakam Ulu Regency has the potential of natural and human resources that can be utilized to encourage regional economic growth. Therefore, this study was conducted to understand the sectors contributing to PAD. The research method used involves analyzing the economic data of Mahakam Ulu Regency, identifying potential resources, and mapping the sectors' potential using tools such as LQ analysis, Klassen typology analysis, and Shift Share analysis. The results showed that several potential sectors affect the increase in PAD in Mahakam Ulu Regency: agriculture, forestry, fisheries, warehousing, and transportation. To improve PAD, it is necessary to carry out a development plan that includes development strategies for potential sectors, supporting policies, and implementation steps.

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1. INTRODUCTION

In carrying out its duties to provide public services to the community, PAD is one of the crucial sources of income for local governments. Mahakam Ulu Regency, located in East Kalimantan, is experiencing challenges in increasing its Local Original Income (PAD). The low PAD of the district concerning transfer revenue received by the local government indicates a potential that has not been fully utilized to increase regional revenue. Transfer revenue received by districts is funds allocated by the central or provincial government to strengthen regional finances and encourage development. However, when transfer revenue becomes the

primary source of regional revenue, this indicates a high dependence on external sources of revenue, which can reduce the flexibility and financial independence of the region. Therefore, it is essential to analyze potential sectors that can be the basis for increasing the Local Original Revenue (PAD) of Mahakam Ulu Regency. With the increase in the financial sector, increased employment can create new jobs and employment opportunities for locals. With the increase in employment, people's income also increases, so local consumption and expenditure increase, positively impacting local income. Then through the increase in growing Corporate Revenue, there will be an increase

in tax payments and other contributions to local governments, including income tax, property tax, sales tax, and others. Local revenue can increase with higher tax revenue, which will increase local revenue. In addition, company growth can also increase investment, competitiveness, and innovation in the region, potentially bringing long-term benefits to regional revenues.

Total Regional Revenue includes all sources of revenue earned by local governments, including Local Original Revenue, Equalization Fund from the central government, and other revenue sources. In interpreting the ratio of local original income independence, the higher the ratio, the more independent the regional finances in generating revenue and the less dependent on transfers or subsidies from the central

government. A high ratio indicates good regional financial strength and the ability to independently support development programs and public services. However, a low ratio may indicate a high reliance on transfers or subsidies from the central government, limiting local finances' flexibility. Therefore, local governments need to increase the independence of local original income through effective financial management, increasing local income potential, and diversifying revenue sources. The Independence Ratio of Mahakam ulu Regency based on 2018-2022 data is relatively small, 1%-3%. Regarding local native income, an expert from the World Bank argues that the minimum limit of 20% PAD acquisition is to exercise local authority. The area is no longer considered independent because the PAD is less than 20% [1].

Table 1. Mahulu District budget posture (in Millions)

Akun	2018	2019	2020	2021	2022
Pendapatan Daerah	1.243.940	1.510.240	1.236.580	1.163.880	1.517.120
PAD	17.410	18.510	20.910	33.160	14.660
Tranfer ke daerah	1.058.710	1.238.440	1.093.380	994.560	1.368.300
Pendapatan Lainnya	167.820	253.290	122.300	136.150	134.160
Rasio kemandirian	1,64%	1,49%	1,91%	3,33%	1,07%

Source: SIKD Ministry Finance Indonesia (2023)

The study was conducted to identify sectors that could potentially improve the PAD of Mahakam Ulu Regency. One indicator of regional autonomy independence is PAD, which shows the ability to increase revenue sources. The larger the PAD, the more independent a region is. PAD is essential to know how capable a region can implement regional autonomy. This is especially true for areas with abundant natural resources [2], [3].

Mahakam Ulu Regency is located in East Kalimantan Province, Indonesia. Its capital is Ujoh Katakan. Mahakam Ulu Regency was formed due to the expansion of the West Kutai Regency. Ratified in the House of Representatives of the Republic of Indonesia plenary session on December 14, 2012, and consists of 5 sub-districts and 50 villages. Long Hubung sub-district is one of the five sub-districts: Long Bagun and Laham sub-district. Long Pahangai District Long Apari district. Mahakam Ulu Regency covers

an area of 15,315 km². The population of Mahakam Ulu Regency in 2021 was 35,010 people, according to registration data collected by the Central Bureau of Statistics of Mahakam Ulu Regency. Long Bagun sub-district houses 41% of the total population of Mahakam Ulu Regency.

Proper sectoral development is needed to accelerate the local economic growth of Mahakam Ulu District. The Mahakam Ulu Regency Government wants to utilize and develop its economic potential by utilizing its natural resources. One of the objectives of the previous study was to find, analyze, assess, and describe the model of agricultural development in Mahakam Ulu District. In addition, the work plan of the Mahakam Ulu District Local Government includes human resources and foreign investment. Mahakam Ulu Regency has a lot of economic potentials and is diverse. Key sectors such as agriculture, mining, energy,

tourism, and the processing industry have this potential. The development of these industries can play an essential role in improving the economy of Mahakam Ulu District, creating jobs, and improving people's welfare.

In this context, this study aims to conduct an in-depth analysis of the economic potential and sectoral investment that contributes to the development of the Mahakam Ulu Regency area. By understanding the economic potential and opportunities, appropriate development strategies can be formulated to increase competitiveness and sustainable development in the region. The increase in the production of a subsector can impact other economic activities such as PAD (Daeragh's Original Income)[4]. When a subsector of GRDP develops, people's income increases, which is expected to increase PAD revenue [5]. By gaining a comprehensive understanding of the economic potential and sectoral investment in Mahakam Ulu Regency, it is hoped that this research can make an essential contribution to the planning and implementation of sustainable economic development strategies. In addition, this research is also expected to provide scientific contributions and valuable information for stakeholders in making the right decisions and positively impacting regional development.

2. LITERATURE REVIEW

2.1 Gross Domestic Product

Gross Regional Domestic Product (GDP) is the added value generated by economic activity within an area. [6] States that GRDP is the value of all goods and services made within one year in a particular region without differentiating the factors of production owned or used in the production process. GDP is one example of the economic progress of a region.

There are three approaches to looking at the size of GDP, namely, according to the production, income, and expenditure approaches. According to the production

approach, GDP is The sum of the final value of goods and services produced by various units of production on the territory of a country in one year. According to the income approach, GDP is the amount of remuneration received by the factors of production that participate in the production process on the territory of a country in one year. While subtracting the expenditure approach, GDP is the sum of all final components, which include (1) household consumption output and private institutions that do not seek profit; (2) gross domestic fixed capital formation and stock changes; (3) government consumption expenditure; and (4) net exports, i.e., exports minus imports, within a year. GDP, in this case, the output of goods and services in the economy, depends on the number of inputs, i.e., factors of production and the ability to convert inputs into outputs reflected in the production function [7]–[9].

2.2 Local Revenue (PAD)

Regional Original Revenue (PAD) is revenue obtained by regions collected based on regional regulations in accordance with laws and regulations. PAD aims to give Regional Governments authority to fund regional autonomy implementation by regional potential as a manifestation of decentralization. Regional Original Revenue (PAD) is an accumulation of Tax Revenue Posts consisting of Regional Taxes and Regional Levies, Non-Tax Revenue Posts in the form of Regional-Owned Company revenue receipts, as well as investment receipt posts and natural resource management [8], [10].

Regional revenues obtained from sources within its territory are collected based on regional regulations by applicable laws and regulations. In such a context, regional autonomy can be relied upon as a development concept by giving broad authority to regional governments from the center to improve their PAD [8]. The demand for an increase in PAD is increasing along with the many authorities delegated to local governments and the transfer of large

numbers of personnel, equipment, financing, and documents to the regions.

3. METHODS

The proposed research design is a quantitative descriptive research that aims to identify and analyze sectoral economic potential in the development of the Mahakam Ulu Regency area. This research will use secondary data that includes economic growth variables, such as the Gross Regional Domestic Product (GRDP) of East Kalimantan Province and the GRDP of Mahakam Ulu Regency, at constant prices. Secondary data was collected from the Central Bureau of Statistics (BPS) websites of East Kalimantan Province and BPS Mahakam Ulu Regency. The data used is GDP data for a period of 5 years, starting from 2018 to 2022. The LQ approach is used to identify economic sectors that are base sectors in Mahakam Ulu District. LQ describes how much a sector contributes to the entire regional economy compared to the sector's contribution to the national or regional economy. Then the Shift Share Approach is used to identify economic sectors with potential as leading sectors in Mahakam Ulu Regency. The analysis helps identify growing sectors faster than national or regional averages.

Furthermore, the Klassen Typology Approach was used to identify the pattern and structure of economic growth in the Mahakam Ulu District. This analysis helps in understanding the region's economic dynamics and supports economic and regional development. The results of the analysis are interpreted to identify economic sectors that have the potential to improve the PAD of Mahakam Ulu Regency. The research findings will provide insight into sectors that can be used as a basis for efforts to increase regional economic growth. The study results are prepared as a research report that includes data description, analysis, findings, and recommendations. This report will be a valuable source of information for the local government of Mahakam Ulu Regency in

making decisions related to economic sector development and efforts to improve PAD.

4. RESULT AND DISCUSSION

Location Quotient (LQ) analysis is an appropriate method to identify economic sectors that are the base or core sectors in Mahakam Ulu District. In this analysis, a comparison is made between the contribution of a sector to the economy of Mahakam Ulu Regency and that sector's contribution to the economy of East Kalimantan Province, which is the provincial or superior regional level, as a reference. The criteria used in LQ analysis are as follows:

If the LQ value is greater than 1 ($LQ > 1$): This indicates that the sector has a more significant contribution to the economy of Mahakam Ulu Regency than East Kalimantan Province's economy. In this context, the sector can be categorized as a base sector or an export base. That is, the sector cannot only meet the local needs of its region but also meet the needs of other regions or even export.

If the LQ value is less than 1 ($LQ < 1$): This indicates that the sector has a minor contribution to the economy of Mahakam Ulu Regency than East Kalimantan Province's economy. In this context, the sector can be categorized as a non-base sector. That is, the sector can meet local or regional needs of its own but does not have the same potential to meet the needs of other regions or export.

By using LQ analysis, it can identify economic sectors that are Mahakam Ulu Regency's economic base and non-base sectors. A base sector is a type of business that can meet or serve local needs or markets and even export its products and services outside the region. On the other hand, non-base sectors are industries that can only meet or serve local needs and markets, even having to import goods from outside the region. (Syartika, 2018) This information will help you understand the regional economic structure and determine the sectors that can potentially increase Local Original Revenue (PAD) and encourage sustainable economic growth in Mahakam Ulu District.

Table 2. LQ Analysis Results of Mahakam Ulu Regency 2018-2022

Kat.	Business Field	Sij/sj	Yj/y	(Sij/sj)/(Yj/y)	Subsector Classification
A	Agriculture, Forestry, and Fisheries	0,759	0,684	1,109	Basis
B	Mining and Quarrying	0,070	0,472	0,149	Non Basis
C	Processing Industry	0,006	0,200	0,030	Non Basis
D	Electricity and Gas Procurement	0,000	0,001	0,476	Non Basis
E	Water Procurement, Waste Management, Waste, and Recycling	0,000	0,001	0,752	Non Basis
F	Construction	0,060	0,075	0,795	Non Basis
G	Wholesale and Retail Trade; Car and Motorcycle Repair	0,044	0,057	0,762	Non Basis
H	Transportation and Warehousing	0,038	0,029	1,307	Basis
I	Provision of Accommodation and Food & Drink	0,001	0,009	0,138	Non Basis
J	Information and Communication	0,003	0,017	0,174	Non Basis
K	Financial Services and Insurance	0,001	0,015	0,045	Non Basis
L	Real Estate	0,002	0,009	0,218	Non Basis
M, N	Company Services	0,000	0,002	0,174	Non Basis
O	Government Administration, Defense, and Compulsory Social Security	0,011	0,017	0,673	Non Basis
P	Education Services	0,002	0,015	0,108	Non Basis
Q	Health Services and Social Activities	0,001	0,007	0,174	Non Basis
R	Other services	0,001	0,006	0,093	Non Basis

Source: data processed (2023)

The calculation results using the Location Quotient (LQ) method show that from 2018 to 2022, only 2 out of 17 economic sectors studied in Mahakam Ulu Regency have an average LQ value of more than one ($LQ > 1$). This indicates that these sectors have a higher level of specialization in Mahakam Ulu Regency than in East Kalimantan Province. With only 11.7 percent of economic sectors included in the base sector category, Mahakam Ulu Regency has a big challenge in increasing economic diversification and developing leading sectors with more potential. Most economic sectors in Mahakam Ulu District tend to contribute less to the regional economy.

These findings show the importance of efforts to identify potential sectors that can become the basis of the new economy or sectors that have the potential to be developed as superior sectors. In this context, further analysis is needed to identify these sectors' inhibiting factors and development potential.

4.1 SHIFT SHARE ANALYSIS

Shift Share Analysis is a method used to analyze changes and shifts in economic sectors in a region against a wider area as a

reference, such as regional or national levels. This method provides an understanding of sectors experiencing rapid or slow growth and sectors with strong or weak competitiveness in the region under study. The calculation using Shift share analysis is as follows:

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

Information:

G_{ij} = Shift S hare

N_{ij} = National growth

M_{ij} = Industrial Mix Share (IMS)

D_{ij} = Differential / Local S hare

In Shift Share analysis, several variables and concepts are used to calculate the relevant components. Here is a brief explanation of each variable and concept. N_{ij} (National Share): Is the proportion or percentage of output or income of an economic sector at the provincial level to the total output or income of the region studied. This variable describes the contribution of the economic sector in the area studied to the economy at the provincial level. M_{ij} (Mix Share): This variable describes changes in the composition of economic sectors in the studied area compared to the Provincial level.

Dij (Differential Share): This represents the difference between the growth of the economic sector in the area studied and the growth at the national level. This variable describes the difference or difference in the growth of economic sectors in the region compared to the national level.

Using the above variables and concepts, the calculation of the components in

the Shift Share analysis can be done to illustrate the contribution of economic sectors to changes and shifts in the economy of the region under study. This analysis helps evaluate the competitiveness of economic sectors and identify sectors that can be the focus of development or improvement in the region.

Table 3 Results of Mahakam Ulu Regency Shift Share Analysis 2018-2022

	Sector	also	rn	Nij	Me	Cij	Diy	Classification
A	Agriculture, Forestry, and Fisheries	2,18	0,022	0,112	0,245	-0,499	-0,142	
B	Mining and Quarrying	1,81	0,022	0,044	0,079	-5,504	-5,382	
C	Processing Industry	0,70	0,022	0,096	0,067	4,245	4,407	Flagship
D	Electricity and Gas Procurement	7,23	0,022	0,341	2,469	89,850	92,660	Flagship
E	Water Procurement, Waste Management, Waste, and Recycling	4,94	0,022	0,092	0,454	4,609	5,155	Flagship
F	Construction	5,08	0,022	0,178	0,903	14,685	15,767	Flagship
G	Wholesale and Retail Trade; Car and Motorcycle Repair	4,73	0,022	0,209	0,991	22,017	23,217	Flagship
H	Transportation and Warehousing	3,20	0,022	0,217	0,694	26,030	26,941	Flagship
I	Provision of Accommodation and Food & Drink	4,19	0,022	0,265	1,113	24,156	25,534	Flagship
J	Information and Communication	6,81	0,022	0,262	1,785	66,908	68,955	Flagship
K	Financial Services and Insurance	4,22	0,022	0,452	1,909	177,029	179,390	Flagship
L	Real Estate	1,77	0,022	0,118	0,209	16,550	16,878	Flagship
M, N	Company Services	2,42	0,022	0,068	0,166	-1,724	-1,489	
O	Government Administration, Defense, and Compulsory Social Security	2,97	0,022	0,147	0,435	23,692	24,273	Flagship
P	Education Services	3,96	0,022	0,158	0,626	27,389	28,174	Flagship
Q	Health Services and Social Activities	10,34	0,022	0,176	1,816	18,849	20,841	Flagship
R	Other services	4,25	0,022	0,184	0,784	9,146	10,115	Flagship

Source: data processed (2023)

Nij (National Share) shows the contribution of national economic growth to the performance of economic sectors. If the National Growth Effect in shift-share analysis shows positive results, it indicates that national economic growth positively impacts the performance of economic sectors in it. This means that these sectors experienced better growth than the national average. Although the growth in question shows a low number below number 1, the calculation of Industrial Mix Share is one component of the shift-share analysis. Refers to the percentage ratio of each

industry's contribution in a particular region to the total GDP growth. In this analysis, changes in each industry's contribution to growth are compared to each industry's contribution at the national or regional level. Industrial Mix Share provides an overview of how much each industry plays in the economic growth of a region and whether or not these changes are consistent with higher-level trends.

The industrial mix share calculation results show a positive number in the shift-share analysis showing higher growth than the average of similar industries at the

provincial or regional level. But it is still relatively small, only in the range of 0.06-2.46. Furthermore, Differential Share analysis measures the difference between the natural growth of an industry in a region and the average national or regional growth for that industry. Differential Share is used to evaluate the extent to which an industry's performance contributes to a region's economic growth. If the Differential Share is positive, it means that the industrial growth in the area exceeds the national or regional average growth, indicating that the industry has a competitive advantage and contributes positively to the region's economic growth.

However, if the Differential Share is negative, industrial growth in the area is lower than the national or regional average growth. This can indicate that the industry is experiencing competitive difficulties or facing challenges that hinder its growth. The calculation shows several sectors experienced negative growth, such as agriculture, mining, and corporate services. In contrast, the other sectors experienced positive growth, and even

the financial services sector experienced high growth compared to the province's average growth of 177,029.

4.2 Klassen Typology Analysis

Klassen Typology Analysis is used to classify economic sectors in a region. This technique uses the Klassen matrix to classify sectors based on growth rate and distribution value. To group sectors, economic growth in the area studied is compared with economic growth in the reference area or province. Results from the Klassen Typology analysis show the position of growth and sectors in regional variables. Based on this analysis, the economic areas of Mahakam ulu District can be categorized into several categories: fields that are experiencing rapid growth and have a substantial share; fields that experience slow growth but have a substantial share; fields that are experiencing rapid growth but have a diluted share; and fields experiencing slow growth and diluted shares.

Table 4. Results of Klassen Typology Analysis of Mahakam Ulu Regency 2018-2022

	Sector	Yes	ski	s	cs	Quadrant Analysis		Quadrant
A	Agriculture, Forestry, and Fisheries	2,08	0,76	2,18	0,068	si<s	ski>sk	forward but depressed
B	Mining and Quarrying	-0,97	0,07	1,81	0,47	si<s	ski<s	Relatively lagging behind
C	Processing Industry	1,68	0,01	0,70	0,20	si>s	ski<sk	Potential Sectors
D	Electricity and Gas Procurement	13,04	0,00	7,23	0,00	si>s	ski<sk	Potential Sectors
E	Water Procurement, Waste Management, Waste, and Recycling	6,05	0,00	4,94	0,00	si>s	ski<sk	Potential Sectors
F	Construction	6,90	0,06	5,08	0,08	si>s	ski<sk	Potential Sectors
G	Wholesale and Retail Trade; Car and Motorcycle Repair	7,05	0,04	4,73	0,06	si>s	ski<sk	Potential Sectors
H	Transportation and Warehousing	5,85	0,04	3,20	0,03	si>s	ski>sk	Advanced and growing sectors
I	Provision of Accommodation and Food & Drink	6,20	0,00	4,19	0,01	si>s	ski<sk	Potential Sectors
J	Information and Communication	12,44	0,00	6,81	0,02	si>s	ski<sk	Potential Sectors
K	Financial Services and Insurance	12,87	0,00	4,22	0,01	si>s	ski<sk	Potential Sectors
L	Real Estate	4,85	0,00	1,77	0,01	si>s	ski<sk	Potential Sectors
M, N	Company Services	1,87	0,00	2,42	0,00	si<s	ski<sk	Relatively lagging behind
O	Government Administration, Defense and Compulsory Social Security	6,54	0,01	2,97	0,02	si>s	ski<sk	Potential Sectors
P	Education Services	7,78	0,00	3,96	0,01	si>s	ski<sk	Potential Sectors
Q	Health Services and Social Activities	12,71	0,00	10,34	0,01	si>s	ski<sk	Potential Sectors
R	Other services	5,35	0,00	4,25	0,01	si>s	ski<sk	Potential Sectors

Source: data processed (2023)

The results of the Klassen typology analysis show there is one sector that is included in the Advanced but Depressed sector classification, namely the agriculture, forestry, and fisheries sectors; this indicates that the industrial sector was initially advanced or had a competitive advantage but faced obstacles or pressures that resulted in limited or decreased growth. External factors such as regulatory changes, increased competition, or changes in market trends may affect the sector negatively.

Then one sector that falls into the classification of Advanced and Growing Sectors is transportation and warehousing; This shows that this industrial sector has a substantial competitive advantage and manages to grow faster than the national or

regional average. The sector may experience sustained growth due to innovation, efficiency, or access to resources supporting higher growth. Then some sectors enter into the Potential sector; This indicates that this sector has the potential to grow faster or has a competitive advantage that has not been fully tapped. In shift-share analysis, the sector may not have reached its maximum growth yet, but it has factors supporting future growth. Then there is one sector that is classified as a Disadvantaged Sector. This shows that this industrial sector is experiencing slower growth or even decreasing than the national or regional average. Factors such as the inability to adapt to market changes, lack of innovation, or limited resources may limit the sector's growth.

Table 5. Quadrant of the Klassen typology

	si>s	si<s
ski>sk	Quadrant I	Quadrant II
	Developed sector	Advanced but depressed sector (stagnant sector)
	- Transportation and Warehousing	- Agriculture, Forestry, and Fisheries
ski<sk	Quadrant III	Quadrant IV
	Potential or still developing sectors	Relatively underdeveloped sector
	- Processing Industry	- Mining and Quarrying
	- Electricity and Gas Procurement	- Corporate Services
	- Water Procurement, Waste Management, Waste, and Recycling	
	-Construction	
	- Wholesale and Retail Trade; Car and Motorcycle Repair	
	- Provision of Accommodation and Food & Drink	
	- Information and Communication	
	- Financial Services and Insurance	
	- Real Estate	
	- Government Administration, Defense, and Compulsory Social Security	
	- Education Services	
- Health Services and Social Activities		
- Other services		

Source: data processed (2023)

Combining Klassen, LQ, and Shift Share typology analysis can provide a more

comprehensive picture of identifying Mahakam Ulu District's leading sectors.

Table 6. Combined analysis

Ket.	Sector	Klassen typology	LQ	Shift Share
PRIMARY SECTOR				
A	Agriculture, Forestry, and Fisheries	+	+	-
B	Mining and Quarrying	-	-	-
SECONDARY SECTOR				
C	Processing Industry	-		+
TERTIARY SECTOR				
D	Electricity and Gas Procurement	-	-	+
E	Water Procurement, Waste Management, Waste, and Recycling	-	-	+
F	Construction	-	-	+
G	Wholesale and Retail Trade; Car and Motorcycle Repair	-	-	+
H	Transportation and Warehousing	+	+	+
I	Provision of Accommodation and Food & Drink	-	-	+
J	Information and Communication	-	-	+
K	Financial Services and Insurance	-	-	+
L	Real Estate	-	-	+
M, N	Company Services	-	-	
O	Government Administration, Defense, and Compulsory Social Security	-	-	+
P	Education Services	-	-	+
Q	Health Services and Social Activities	-	-	+
R	Other services	-	-	+

Source: data processed (2023)

Combining these three analyses shows sectors with high growth, strong linkages with the local economy, and positive contributions to regional economic growth. If these sectors show positive results in all three analyses, they can be considered leading sectors in Mahakam Ulu District. In this case, the transportation and warehousing sector is a sector that has a positive number on the three results of the analysis

5. CONCLUSION

Based on research using Klassen, LQ, and Shift Share typology analysis tools to find the potential of leading sectors in Mahakam Ulu Regency in increasing Regional Original Income (PAD), it was concluded that the transportation and warehousing sector has the potential as a leading sector that can increase PAD. Increasing the warehousing and transportation sector can significantly increase Local Original Revenue (PAD) for several reasons. First, good transportation infrastructure, such as highways, ports, or airports, will facilitate the mobility of goods and people. This will encourage the growth of

economic activity, including trade and industry, which will increase tax and levy revenues from the sector. Second, an efficient warehousing sector will enable companies to manage inventory and distribution of goods better. With modern and organized warehousing facilities, companies can improve operational efficiency, reduce logistics costs, and improve service quality. This will attract the attention of other companies to use warehousing facilities in the area, potentially increasing regional revenues through warehousing rents and levies.

In addition, the development of a good transportation and warehousing sector will have a positive impact on other sectors, such as trade, tourism, or the manufacturing industry. With a reliable transportation infrastructure, companies can access a broader market, deliver goods efficiently, and run logistics operations better. This will improve regional competitiveness, attract new investment, and generate additional revenue through taxes and levies. The improvement of the transportation sector can also contribute to an increase in revenue from the tourism sector. With good accessibility, tourists can easily visit tourist attractions, stay

in hotels, or use restaurant services. Tourism sector revenues, including hotel or restaurant tax, will contribute significantly to PAD. Thus, the increase in the warehousing and transportation sector will positively impact regional PAD through increased economic

activity, tax and levy revenues, increased revenue from the warehousing sector, and contributions from the tourism sector. Therefore, local governments must develop and pay attention to these two sectors to increase regional income and welfare.

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