

# Analysis of the Economic Potential of Balikpapan City as the Home of the Archipelago Capital (IKN)

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**Abstract:-** The city of Balikpapan is a region programmed in MP3EI, making it the home of the Archipelago Capital City (IKN). The choice of Balikpapan City as the IKN homepage must be distinct from the various potentials it has, especially in terms of its economic sector. This research aims to analyze the economic potential of Balikpapan City as an IKN homepage. This type of quantitative research, along with Location Quotient and Shift Share analysis techniques, is used to formulate the objectives of the research. The type of data is secondary data, which includes economic data in Balikpapan City in 2020 - 2022. The results of the research found that the processing industry sector, the transportation and warehousing sector, and the information and communication sector are the three leading sectors in Balikpapan City in 2020 - 2022. In terms of impact, it was found that economic growth in East Kalimantan Province had an impact of 49.95%. In terms of competitiveness, the province had an impact of 36.18% on economic development in Balikpapan City in 2020 - 2022. The sector that has the highest competitiveness and felt the impact Directly from the economic growth of East Kalimantan Province is the processing industry sector.

**Keywords:-** Archipelago Capital City (IKN); Economic Growth; Location Quotient; Shift Share.

## I. INTRODUCTION

Global economic conditions are characterized by the existence of Volatility, Uncertainty, complexity and Ambiguity (VUCA), one of the impacts of which is to increase regional development capacity. According to Bærenholdt (2009), regional development is a label for efforts to develop certain areas of a country in order to achieve community welfare. Wijaya, Ilmi, & Darma (2020) explains that regional development can include regional structuring based on spatial and sectoral aspects. The spatial aspect includes geographical and spatial conditions in regional development. Meanwhile, the sectoral aspect includes sectors of economic activity that involve the community, investors and the government. The dynamics of regional development have become an example of the success of various countries in organizing their territories in accordance with current developments. The success of regional development is supported by synergy between stakeholders, funding support in financing physical and

non-physical infrastructure, and implementation of regional development policies that are running smoothly (Lestari et al. 2022).

Balikpapan City is one of the regions in East Kalimantan Province, which has a strategic position in national development. This is stated in PP Number 26 of 2008 concerning National RTRW; Balikpapan City holds the task of being a National Activity Center (PKN) and National Strategic Area (KSN)(Balikpapan.go.id 2024). The City of Balikpapan, with the function of the National Activity Center, directs all activities in the City of Balikpapan towards a scale of service to the national level so that it can become part of a developed region and have a dominant role in national economic development. Meanwhile, the function of the National Strategic Area projects Balikpapan City as a corridor for main economic activities in Kalimantan because Balikpapan City is a strategic city in the Master Plan for Development and Expansion of the Indonesian Economy (MP3EI). Based on a quote on the KPKNL Balikpapan (2023) website, Balikpapan City is the supporting muscle for the Development of the Archipelago Capital City (IKN). Of course, the choice of Balikpapan City as a supporting muscle has a clear basis, especially regarding the local potential that can encourage the successful development of the Indonesian Capital City in the future. Therefore, one of the objectives of this research is to analyze the economic potential that exists in Balikpapan City as the home of the capital of the archipelago.

One form of the potential possessed by Balikpapan City is the existence of natural resources in the form of coal and petroleum, which makes Balikpapan City one of the areas supporting regional economic growth and national economic growth. This competitive advantage makes Balikpapan City a magnet for job seekers, investors, and producers who want to get involved in the city's ongoing economic development. The dynamics that occur in regional development have an impact on the economic, social, and societal conditions of Balikpapan City, which is becoming increasingly complex. The flow of labour, mobility of goods and services, production intensity, and increasing logistics volumes are driving the transformation of Balikpapan City into a modern city supported by the industrial, trade, and mining sectors. In general, the economy is always closely related to the allocation and distribution of production activities up to the consumption

stage, which is carried out not only by a person but also by the state (Yulianti, Firmansyah, and Sundari 2020).

The economic development of Balikpapan City based on sectoral growth in Gross Regional Domestic Product (GRDP) in 2020-2022 shows that Balikpapan City has an increasing growth rate in that period (BPS Kota Balikpapan 2023). Sectors that have high economic growth include the health services and social activities sector, the information and communications sector, the processing industry sector, and the transportation and warehousing sectors. The increasing number of sectors that have positive growth indicates that there is economic activity that can provide benefits and a multiplier effect towards the development of other sectors (Wijaya, Ilmi, et al. 2020). Aggregating this sectoral output development can increase the added economic value and GRDP of Balikpapan City.

The existence of the Indonesian capital city can have a direct and indirect impact on development in Balikpapan City. This is because Balikpapan City is one of the entry points to the IKN location, especially via Sultan Aji Muhammad Sulaiman Sepinggian International Airport. These direct and indirect impacts can affect the economic progress and social conditions of Balikpapan City. The move of Indonesia's capital city to East Kalimantan Province has promoted the city of Balikpapan as the home of the nation's capital city. Under these conditions, as a capital city center, Balikpapan has strategic value as a supporting area and partner in IKN development.

The dynamics of IKN development in the context of Balikpapan City regional development must receive attention in efforts to improve regional economic performance. This is important because the development of IKN is a national strategic project and is a government priority to increase equitable development and encourage the development of new economic growth centers outside Java. So, in the coming period, investment realization in the IKN area and its surroundings will increase along with the development of IKN.

In order to improve the economic performance of the City of Balikpapan sustainably and inclusively, it is important to map the regional economic potential in responding to the movement of IKN in East Kalimantan Province. This is because the existing economic potential can be optimized so that it can provide high-added value to the economy and the welfare of society. This economic potential includes economic resources, population, investment opportunities, MSME/entrepreneurship activities and international trade (Wijaya, Darma, and Darma 2020). Balikpapan City, with all the resources and support stakeholders existing, has the high economic potential to be developed sustainably.

Adika (2022) in his research, concluded that regional economic integration and the availability of abundant natural resources are important factors in encouraging regional economic growth. Likewise, the results of research conducted by Bong & Premaratne (2018) emphasize the importance of regional economic integration in encouraging regional economic growth. Apart from that, public institutions are also needed to prevent corruption and maintain macropolitical and economic stability to encourage international trade. Mukhlis, Hidayah, & Sariyani (2018) emphasized the importance of strengthening regional economic capacity in order to overcome problems in regional development, such as the level of inequality in community income.

The relocation of the new capital city of IKN from DK Jakarta Province to East Kalimantan Province provides an opportunity for the economy of Balikpapan City to develop even better. Mapping regional economic potential along with economic analysis can provide an overview of opportunities for economic development in the Balikpapan City region based on the support of existing regional economic potential.

## II. RESEARCH METHODS

The type of research carried out in this research is quantitative research, which, according to Sugiyono (2009:13) is a type of research where the data is in the form of numbers that allow analysis through a statistical approach. The type of data used in this research is secondary data. According to Sugiyono (2009) secondary data is data obtained indirectly because it comes from documentation or literature. The data collection method in this research uses the document method. According to Sugiyono (2009) documentation techniques are carried out by recording historical records that third parties have published. All data that will be collected are reports from 2020 – 2022.

This research data analysis technique uses quantitative analysis with Descriptive Statistics, Location Quotient (LQ) and Shift Share methods.

### A. Location Quotient (LQ)

Location quotient (LQ) analysis is an analysis aimed at obtaining information regarding sectors that have potential or advantages in a region (Tarigan, 2014:82). LQ analysis is used as a comparison of the value of the role of economic sectors at the Balikpapan City level with the magnitude of the sector's role produced on the East Kalimantan Province scale in 2020 - 2022. Sectors are considered superior/potential/based in Balikpapan City if the LQ value is  $> 1$ ; however If the LQ value is  $< 1$  indicates that the sector has not been able to make a major contribution to Balikpapan City.

$$LQ = (x_i / PDRB) / (X_i / PDRB)$$

Keterangan:

- Q = Coefisien Location Quotient
- $x_i$  = Added value of sector i in Balikpapan City
- PDRB = GRDP of Balikpapan City
- $X_i$  = Added value of sector i in East Kalimantan Province
- PNB = GRDP of East Kalimantan Province

**B. Shift Share.**

Shift Share analysis is an analysis method that is generally used or used to explain growth into structural and competitive components (Tarigan, 2014:85). This analysis is also used using a method of various factors that cause changes in the business sector in a region from one period to the next. Shift share analysis is obtained by calculating three analysis components, including:

➤ *National Share (Nij)*

The results of the national share calculation will illustrate how big the role of national level regions is in influencing economic growth in regional areas (Tarigan, 2014:85).

$$Nij = (Y_{ij}) \times (rn)$$

➤ *Proportional Shift (Mij)*

Proportional shift is an analysis component of shift share which is used to determine changes that occur in a sector at the regional level relative to the same sector at the national level (Tarigan, 2014:86).

$$Mij = (Y_{ij}) \times (rin - rn)$$

➤ *Differential Shift (Cij)*

Differential shift is a component of shift share analysis which aims to find out how competitive the local industry is in the economic sector at the provincial level (Tarigan, 2014:86).

$$Cij = (Y_{ij}) \times (rij - rin)$$

Keterangan:

- Cij = Differential Shift
- Yij = GRDP sector i in Balikpapan City in 2010
- rn = Average GRDP growth rate in the province
- rij = Growth rate of sector i in the district/city
- rin = Growth rate of sector i in the province
- Y\*n = Total GRDP for all sectors in East Kalimantan Province at the end of the analysis year (2020 – 2022)
- Yn = Total GRDP of all sectors in East Kalimantan Province in 2010

$Y^*ij$  = GRDP sector i in Balikpapan City at the end of the analysis year (2020 – 2022)

$Yin$  = GRDP Sector i in East Kalimantan Province in 2010

$Y^*in$  = GRDP sector i in East Kalimantan Province at the end of the analysis year (2020 – 2022)

After knowing the calculation of each shift share component consisting of national share, proportional shift and differential share, the shift share analysis (Dij) can be calculated using the following formula:

$$Dij = Nij + Mij + Cij$$

**III. RESEACRH RESULT**

**A. Location Quotient (LQ) Analysis**

LQ analysis is used to show the potential/superior sectors that Balikpapan City has. It has prospects for development because these sectors are considered able to meet the needs of the region and other regions. A sector is considered superior/potential/based in Balikpapan City if the LQ value is > 1. Still, if the LQ value is < 1, it indicates that the sector has not been able to make a major contribution to Balikpapan City. The results of LQ calculations for economic sectors in Balikpapan City for 2020 - 2022 are shown in Table 1.

Table 1: Results of Location Quotient (LQ) Analysis of the Balikpapan City Economic Sector

Economic Sector	LQ Calculation			Average LQ	Category Sector	Rank
	2020	2021	2022			
A. Agriculture, Forestry and Fisheries	0,13	0,13	0,13	0,13	Not Excellent	16
B. Mining and Quarrying	0,00	0,00	0,00	0,00	Not Excellent	17
C. Processing Industry	2,84	2,84	2,86	2,85	Superior	1
D. Procurement of Electricity and Gas	1,47	1,46	1,46	1,46	Superior	8
E. Water Supply, Waste Management, Waste and Recycling	1,44	1,38	1,36	1,39	Superior	10
F. Construction	1,77	1,76	1,57	1,70	Superior	6
G. Wholesale and Retail Trade; Car and Motorcycle Repair	1,42	1,43	1,45	1,43	Superior	9
H. Transportation and Warehousing	2,32	2,26	2,33	2,30	Superior	2
I. Provision of accommodation and food and drink	1,67	1,64	1,64	1,65	Superior	7
J. Information and Communication	2,21	2,17	2,16	2,18	Superior	3
K. Financial Services	2,13	2,10	2,08	2,10	Superior	4
L. Real Estate	1,85	1,83	1,81	1,83	Superior	5
M N. Company Services	1,32	1,32	1,31	1,32	Superior	11
O. Government Administration, Defense and Mandatory Social Security	0,67	0,66	0,66	0,66	Not Excellent	15
P. Educational Services	0,94	0,91	0,89	0,91	Not Excellent	13
Q. Health Services and Social Activities	0,92	0,88	0,88	0,90	Not Excellent	14
R, S, T, U. Other Services	1,22	1,19	1,18	1,20	Superior	12

Based on the presentation of the results of the LQ analysis listed in Table 1, it shows that of the 17 economic sectors owned by Balikpapan City, 13 sectors can be declared as sectors that have superior/base/potential because they have an average LQ value from the 2020 - 2022 calculation of more than of 1 ( $LQ > 1$ ), while the other four sectors are considered not superior or have high potential to contribute to the economic growth of Balikpapan City because the LQ value is less than 1 ( $LQ < 1$ ). Of the 13 economic sectors that have a superior potential for the economy in Balikpapan City in 2020 - 2022, 5 main sectors with the highest LQ values can be studied, including the processing industry sector (2.85), the transportation and warehousing sector (2.30), information

and communications sector (2.18), financial services sector (2.10), and real estate sector (1.83).

*B. Shift – Share Analysis*

The shift-share analysis will analyze changes in the economic structure at the Balikpapan City level towards the economic structure with a wider scope, in this case, the economy of East Kalimantan Province. The shift-share analysis study uses data in the form of GRDP, which consists of the sum of 3 analysis components, including national share, proportional shift, and differential share. Table 2 shows the calculation results of adding the shift-share components to get the results of the shift-share analysis (Dij).

Table 2: Shift Share Calculation Results

Economic Sector	National Share	Proportional Shift	Differential Shift	Shift Share
	Nij	Mij	Cij	Dij
A. Agriculture, Forestry and Fisheries	190.057,73	108.265,58	-161.035,84	137.287,47
B. Mining and Quarrying	9.268,28	1.832,17	3.343,91	14.444,36
C. Processing Industry	11.244.343,36	245.977,09	13.224.007,44	24.714.327,90
D. Procurement of Electricity and Gas	8.894,22	21.045,08	-8.110,24	21.829,06
E. Water Supply, Waste Management, Waste and Recycling	15.655,58	10.757,10	-17.484,36	8.928,31
F. Construction	2.283.781,08	1.145.893,77	633.751,11	4.063.425,95
G. Wholesale and Retail Trade; Car and Motorcycle Repair	1.379.293,20	971.491,41	-54.515,47	2.296.269,14
H. Transportation and Warehousing	1.205.772,66	749.622,23	-320.286,77	1.635.108,11
I. Provision of accommodation and food and drink	229.212,89	194.357,57	-59.746,77	363.823,69
J. Information and Communication	458.684,32	606.528,60	177.438,47	1.242.651,39
K. Financial Services	542.210,39	352.971,28	11.372,61	906.554,28
L. Real Estate	289.995,74	153.124,97	30.813,64	473.934,34
M N. Company Services	47.306,12	23.485,08	-4.429,81	66.361,38
O. Government Administration, Defense and Mandatory Social Security	254.108,34	86.208,77	-84.820,45	255.496,66
P. Educational Services	125.189,76	236.022,21	85.490,88	446.702,85
Q. Health Services and Social Activities	77.034,50	136.947,39	-66.086,45	147.895,44
R, S, T, U. Other Services	106.906,21	83.458,55	-13.277,40	177.087,36
<b>Total</b>	<b>18.467.714,38</b>	<b>5.127.988,85</b>	<b>13.376.424,50</b>	<b>36.972.127,69</b>
<b>Persentase</b>	<b>49,95%</b>	<b>13,87%</b>	<b>36,18%</b>	<b>100%</b>

Based on the presentation of shift-share calculation data listed in Table 2, if we examine the *Dij* value obtained by each sector, we find one sector with the highest value, namely the processing industry sector, with a *Dij* value of 24,714,327.90. Meanwhile, the sector with the lowest calculated *Dij* value, namely 8,928.31, was obtained by the water supply, waste management, waste and recycling sectors.

The total shift share value obtained by the third adder has a positive value of 36,972,127.69. This means that the 17 economic sectors in Balikpapan City in 2020 - 2022 will grow faster than the economic sectors at the East Kalimantan Province level. Figure 1 shows the distribution related to the contribution made by the three analysis components to the total shift share calculation results from the sectors owned by the City of Balikpapan in 2020 - 2022.

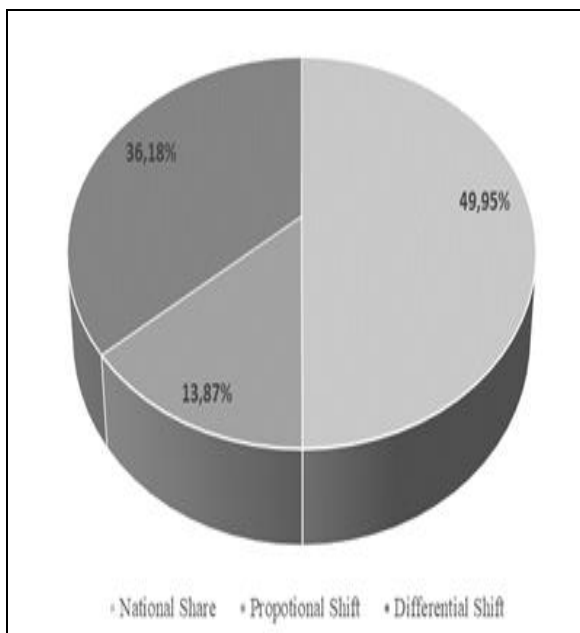


Fig. 1: Shift Share Analysis in Balikpapan City 2020 – 2022

From the results of the presentation of data related to the total calculation of the three components, as in Table 4.16, a division of sector assessment proportions can be formed as in Figure 1. Based on these two data, economic growth in East Kalimantan Province has an effect of 49.95% on economic growth in Balikpapan City. Meanwhile, in terms of growth rate, economic sectors in Balikpapan City grew faster by 13.87% compared to sectors at the East Kalimantan provincial level. Based on competitiveness, sectors in Balikpapan City have a competitive advantage and constitute 36.18% of the local economic content of sectors at the East Kalimantan Province level.

#### IV. DISCUSSION

Based on the results of the LQ analysis, it was found that Balikpapan City in the 2020 - 2022 calculation year has five economic sectors that have a superior potential for the economy in Balikpapan City including because they meet the criteria for being declared a base sector with an LQ value > 1, including the processing industry sector (2,85), the transportation and warehousing sector (2.30), the information and communications sector (2.18), the financial services sector (2.10), and the real estate sector (1.83). This means that the sectors that are classified as basic sectors are economic sectors that can not only meet domestic needs but can also provide to meet needs in other regions. This finding is in line with the results of research conducted by Widiarani, Priana, & Wahed (2021) and Anggraeni (2022) who identified the basic sectors in Balikpapan City in 2015 - 2019 and the research results of Yulianti et al. (2020) with the analysis years 2016 - 2018. Three previous studies agreed that the processing industry sector, the transportation and warehousing sector and the information and communication sector were the three best sectors owned by Balikpapan City from 2015 - 2022.

The LQ value of the processing industry sector tends to increase from 2020 to 2022. The increase in the LQ value produced by the processing industry sector indicates an increase in competitiveness and the contribution to economic growth generated by this sector. This can be proven by the contribution value of the processing industry sector in Balikpapan City from 2020 to 2022, which tends to increase at an average of 56.41%. The high contribution value generated by the processing industrial sector cannot be separated from the existence of the number of industrial companies operating in Kata Balikpapan in the calculation year, namely 2020 - 2022. Reported in a publication from the Satu Data Kalimantan Timur (2022) website reports the number of small and medium industrial companies registered in Balikpapan City continues to increase in number from 2020, which amounted to 902 units to 954 company units entering 2022.

The increase in the number of SME companies is one of the reasons behind the high contribution made by the processing industry sector to the economic growth value of Balikpapan City. Basically, the greater the number of companies in the processing industry sector, the more added value that sector will generate for the economic growth of Balikpapan City because it is able to carry out production on a large scale. GRDP value produced by the processing industry sector has increased from Rp. 46,877,785.28 million, increased to Rp. 49,014,821.09 million in 2021, and this number will increase again in 2022 to Rp. 51,315,174.24 million. This is related to the LQ value criteria produced by the processing industrial sector, namely as a potential/superior sector that can meet needs in other regions. This is because the large number of companies in the industrial sector will increase the total production value in the sector so that the high production value produced can supply needs in the surrounding area or even carry out export activities.

The LQ value of the transportation and warehousing sectors tends to increase from 2021 to 2022, although the transition from 2020 saw a decrease in the LQ coefficient value. The increase in the LQ value produced by the transportation and warehousing sectors indicates an increase in competitiveness and the contribution to economic growth generated by these sectors. This can be proven by the contribution value of the transportation and warehousing sector in Balikpapan City from 2020 to 2022, which tends to increase at an average of 6.64 %/year. The high contribution value generated by the transportation and warehousing sectors must be distinct from the existence of Balikpapan City's superior infrastructure, namely the port and airport.

Operational data on flight activities based on the number of aircraft movements and number of passengers from 2020 – 2022 at Sultan Aji Muhammad Sulaiman Sepinggan International Airport, Balikpapan City. From the data presented, it can be seen that the number of aircraft movements in 2020 was 33,756 flights with a total of 2,748,784 passengers, and resulted in a contribution value from the transportation and warehousing sector to Balikpapan City's GRDP of IDR—5,405,994.30 million as shown in Figure 5.2 (6.51%). However, entering 2021, there will be a decrease in the contribution level to 6.37% with a GRDP value in the transportation and warehousing sector of IDR. 5,527,050.52 million. If we examine the data in Figure 4.12, the number of aircraft movements decreased in 2021 to 29,269 flights, with the number of passengers decreasing to 2,646,352 people. However, entering 2022, the contribution of the transportation and warehousing sector will again increase to 7.03%, in line with the increase in the number of aircraft movements to 39,692 flights with a total of 3,779,425 passengers. Based on the data that has been found, it can be stated that the level of contribution of the transportation and warehousing sector in Balikpapan City in 2020 - 2022 is influenced by operational activities from the Sultan Aji Muhammad Sulaiman Sepinggan International Airport.

Apart from air transportation, Balikpapan City also has advantages in sea transportation, namely the Semayang Balikpapan Port, which PT manages. Pelindo IV (Persero) is being considered by the government to be developed as sea transportation to IKN. Data on the number of passengers presented in Figure 5.3 shows that Semayang Balikpapan Port in 2020 had a total of 168,037 passengers, but this number decreased to 108,702 passengers in 2021. Furthermore, in 2022, it increased again to 253,037 people. Based on the data presented, the condition of major transportation in Balikpapan, such as Semayang Balikpapan Port, determines the added value produced by the transportation and warehousing sectors in supporting the GRDP of East Kalimantan Province. This is because the decrease in the number of passengers from 2020 to 2021 underlies the decline in sector contribution, which was originally 6.51% in 2020, decreasing to 6.37% in 2021.

The LQ value of the information and communication sector has increased every year, namely from 2020 to 2022. The increase in the LQ value produced by the information and communication sector indicates an increase in competitiveness and the contribution to economic growth produced by this sector. This can be proven by the contribution value of the information and communications sector in Balikpapan City from 2020 at 3.90%, then entering 2021 to 4.02%, and increasing again in 2022 at 4.14%. The average increase in the value of the contribution made by the information and communication sector to P

The LQ value of the financial services sector tends to increase from 2021 to 2022, although the transition from 2020 saw a decrease in the LQ coefficient value. In 2020, the LQ coefficient produced by the financial services sector was 2.13, with the sector's contribution to Balikpapan City's GRDP amounting to 3.22%. However, entering 2021, there was a decrease in the LQ coefficient to 2.10, which was accompanied by a decrease in the sector contribution level to 3.17%. Even though there has been a decrease in the level of contribution of the financial services sector to the GDP of Balikpapan City, entering 2022, the contribution will increase again at 3.29% and produce an LQ value of 2.08, which means that the financial services sector not only contributes to increasing the GRDP of Balikpapan City but also share in the GRDP of East Kalimantan Province.

The level of contribution generated by the financial services sector must be distinct from its function as a provider of business capital for sectors through the distribution of credit/loans. The existence of financial institutions is a forum for channelling capital provided by the financial sector to other sectors in Balikpapan City. Thus, the amount of credit disbursement provided by financial service institutions is a form of the contribution made by the financial services sector to the GRDP of Balikpapan City and the GRDP of East Kalimantan Province. In 2020, the total credit distribution provided by financial institutions to MSMEs in Balikpapan City was IDR. 120,036,293 million. Entering 2021, there will be a decrease in the amount of MSME credit distribution to Rp. 116,036,293 million. By 2022, the total MSME credit distribution will increase again to IDR. 135,823,645 million. Fluctuations in the amount of MSME credit distribution carried out by the financial institution sector in Balikpapan City are in line with conditions with the level of contribution, which tends to decrease in 2021 and increase again in 2022. Thus, it can be stated that the amount of credit that the financial services sector can distribute to MSMEs will determine. The level of contribution generated by the sector to the GRDP of Balikpapan City and even influences the performance of other sectors because, as a base sector, it can meet the needs of other sectors, which in this case is capital adequacy. Research results Nurinda (2022) state that the amount of MSME credit distribution can significantly influence economic growth..

The LQ value of the real estate sector tends to decrease from 2020 to 2022. In 2020, the LQ coefficient produced by the real estate sector was 1.85, with the sector's contribution to Balikpapan City's GRDP amounting to 1.69%. However, entering 2021, there was a decrease in the LQ coefficient to 1.83, which was accompanied by a decrease in the sector contribution level to 1.63%. Conditions for a decline in the level of contribution and LQ coefficient in the real estate sector will occur again in 2022, where the value of the LQ coefficient in the real estate sector will be 1.81, and the value of the sector's contribution to Balikpapan City's GRDP will decrease to 1.57%.

Based on the calculation results shift share, It was found that economic growth in East Kalimantan Province had an impact on economic development in Balikpapan City by 49.95%. This value is obtained based on the calculation results shift share on components national share ( $N_{ij}$ ), which shows that all economic sectors owned by the City of Balikpapan in the 2020 – 2022 calculations have positive values. This condition indicates that economic growth at the East Kalimantan level has an impact on improvements in the economic sector at the Balikpapan City level in 2020 - 2022. Five sectors have been identified that have the strongest influence on economic growth at the East Kalimantan provincial level based on component shift-share analysis. National share includes (1) the processing industry sector; (2) the construction sector; (3) the wholesale and retail trade sector, car and motorbike repairs; (4) the transportation and warehousing sector; and (5) the financial services sector.

The five sectors obtained with the highest  $N_{ij}$  values indicate that the economic policies determined at the East Kalimantan provincial level to boost economic growth are able to boost growth in these sectors at the Balikpapan City level. If studied more deeply, the policies implemented at the East Kalimantan provincial level cannot be separated from supporting the IKN development process. The city of Balikpapan, as the home of IKN, is impacted by economic policies at the provincial level, especially in the five sectors with the highest scores based on the  $N_{ij}$  results. Therefore, it can be interpreted that economic conditions or the value of economic growth in Balikpapan Province will determine the increase in sectors in Balikpapan City.

Meanwhile, the sector with the lowest value based on the national share calculation results is the electricity and gas procurement sector, with a  $N_{ij}$  value of 8,894.22. The low  $N_{ij}$  value of the electricity and gas procurement sector means that the economic policies implemented to boost economic growth at the East Kalimantan Province level are not having a big effect on the growth of this sector in Balikpapan City. This condition can occur if the sector is deemed not to make a large contribution to the economy or is even less involved in IKN development. Hence, the influence on the growth of this sector in Balikpapan City is relatively small. Thus, to produce a large impact on the electricity and gas procurement sector, the government can pay attention to the level of sector involvement in IKN

development so that the economic policies implemented at the provincial level will have an impact on the growth of the regional sector of Balikpapan City.

From the presentation of the analysis results proportional shift, It was found that five economic sectors at the Balikpapan City level had faster growth than sectors at the East Kalimantan provincial level, including (1) the construction sector with a  $M_{ij}$  value of (2) wholesale and retail trade sector, car and motorbike repairs; (3) transportation and warehousing sector; (4) information and communication sector; and (5) financial services sector. Meanwhile, one sector that has the smallest growth value compared to other sectors in Balikpapan City compared to similar sectors at the East Kalimantan Province level is the mining and quarrying sector, which has a  $M_{ij}$  value of 1,832.17. The construction sector is the sector that has the highest growth rate in Balikpapan City. This can be the result of the IKN development, which has a variety of work plans related to building construction, thereby making the construction sector grow rapidly among similar sectors at the East Kalimantan provincial level. The high level of growth in the construction sector can also be a result of Balikpapan City's position as the home of the IKN. Hence, there is a need for a lot of building construction and even infrastructure. This is different from the mining and quarrying sector, which has the lowest  $M_{ij}$  value, indicating that the sector's growth rate is not running as fast as the construction sector but is still ahead of similar sectors at the East Kalimantan Province level because it has a positive value. The growth that is not as fast as the construction sector could be due to the priority of IKN development, which leads to equitable development in the East Kalimantan region or even nationally so that the construction sector has a major role in making the IKN work plan a success, while the mining and quarrying sector has no connection or involvement in IKN development. Directly.

This is different from the findings obtained based on the calculation results shift shared on component analysis differential shift, which states that the competitiveness of the Balikpapan City sector has a competitive advantage and constitutes 36.18% of the local economic content of sectors at the East Kalimantan Province level. Based on the results of different shift ( $C_{ij}$ ) calculations, it was found that five economic sectors in Balikpapan City have competitiveness against similar sectors at the East Kalimantan Province level, including (1) the processing industry sector; (2) the construction sector; (3) information and communication sector; (4) education services sector; and (5) real estate sector. These five sectors are considered local economic sectors in Balikpapan City that have competitiveness against similar sectors at the East Kalimantan Province level, characterized by positive  $C_{ij}$  values. This means that these five sectors are the heart of the economy in Balikpapan City because they are competitive sectors and can encourage export activities at the provincial level.

This is different from the economic sector, which gets a negative value from the results of the differential shift calculation because it indicates that the commodities produced in these sectors do not have competitiveness or are inferior in marketing to commodities produced by similar sectors outside Balikpapan City or even at the East Kalimantan provincial level. Several sectors that have negative Cij values include (1) the transportation and warehousing sector; (2) the agricultural sector; (3) government administration, defence and mandatory social security sectors; (4) the health services and social activities sector; and (5) the accommodation and food and drink provision sector.

## V. CONCLUSION

Based on the research results and discussion in the previous chapter, it can be concluded that several research findings to answer the formulation of this research problem include:

The city of Balikpapan is one of the ten residential areas of East Kalimantan Province, which is involved in the Master Plan for Development and Expansion of the Indonesian Economy (MP3EI), making it the homepage of IKN. The choice of the city of Balikpapan as the IKN homepage is due to the various potentials that Balikpapan City has, such as being superior in the number of productive age population, superior in the value of investment and projects in PMA and PMDN, and having a progressive GRDP rate. From the results of the LQ calculation analysis, it was found that the leading economic sector in Balikpapan City in 2020 - 2023 is the processing industry sector. This means that this sector not only has commodities that meet domestic needs but can also meet the needs of other regions. Meanwhile, based on the results of shift-share calculations, it was found that economic growth in East Kalimantan Province had an impact on economic development in Balikpapan City by 49.95% in the 2020 - 2022 calculations. This condition suggests that economic growth at the East Kalimantan level had an impact on increasing the economic sector at the Balikpapan City level in 2020 - 2022. Meanwhile, the competitiveness of the Balikpapan City sector has a competitive advantage and is a local economic content of 36.18% of the sectors at the East Kalimantan Province level. From the results of the shift-share calculation, it was found that the processing industry sector is the heart of the economy in Balikpapan City because it is a competitive sector and can encourage export activities for needs up to the provincial level.

Knowing that Balikpapan City is the home of IKN and the level of economic growth in East Kalimantan Province determines potential sector growth in Balikpapan City, the East Kalimantan provincial government is expected to provide policies that are profitable for sector growth in Balikpapan City. Meanwhile, the Balikpapan City government can pay more attention to supporting growth in potential sectors that have been identified based on LQ analysis.

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