

Determination Analysis of Leading Economic Sector Against Forming Region GDP in Simalungun

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Abstract

This study tried to describe the pattern of sectoral growth in the economy, as well as determine the leading sectors that can be taken into consideration in policy formulation and development planning in Kabupaten Simalungun. The results of this study are expected to provide information and considerations for planning and economic development at the same Simalungun as reference material for researchers associated with the development and planning of the economy. Data analysis methods used are: Typology Analysis Klassen used to obtain the classification of the growth sectors of the economy Kabupaten Simalungun and Analysis of Location Quotient (LQ) is used to determine the base and non-base sectors in the regional economy. By using Matrix Klassen can be done by utilizing the four groupings sector growth rate and the value of the contribution, the sector has shown that the average contribution to GDP is the largest agricultural sector, followed by manufacturing and other services sectors. For the average growth, indicated by the large sector of other services, then the financial sector, leasing and business services and electricity, gas and water. While the growth of the sector which has the smallest average, ie the manufacturing sector. From the calculation of the index Location Quotient GDP, sectors identified basic and non-basic, which indicates that there are two sectors, namely agriculture base with LQ average of 2.4145 and services sectors with LQ average of 1.1695. It shows the agricultural sector and the services sector is a sector that has a base of economic power is quite good and very influential on economic growth Simalungun

Key word: dominant sector regional economy

Introduction

Regional economic development is a process in which local governments and communities manage existing resources and establish a partnership between local government and the private sector to create new jobs, and stimulate the development of economic activities in the region (Arsyad, 1999). The purpose of principal economic development is to build capital equipment in sufficient scale to increase productivity in agriculture, mining, agriculture and industry (Jhingan, 2007).

Enactment of Law No. 32 Year 2004 on Regional Government and Law No. 33 of 2004 on Financial Balance between Central and Local Government requires local governments to implement decentralization and pure economic growth in order to increase social welfare. Second Act has a very important significance for the region, due to the devolution of authority and financing has been the responsibility of the Central Government. Through decentralization, local governments are required to be creative in developing the economy, the role of private investment and local owned company is expected as the main driver

of economic growth and development. Investments will be able to encourage local economic growth and may lead to a multiplier effect on other sectors.

Seed sector is the sector at the moment of its existence has contributed greatly to the economic development in the region, because it has the advantages / criteria. It is based on how big the role of the sector in the regional economy (Hauthon, 2008). While the definition of the Ministry of Agriculture, (2005) seed sector is a sector that has high toughness and ability to serve as the expectation of economic development. Seed sector is expected to become the backbone and driving force of the economy so that it can be a reflection of the structure of the economy of a region.

There are four requirements for a particular sector into priority sectors, namely (1) the sector must produce products that have a high demand, so the growth rate is growing fast as a result of the effects of the request; (2) there is a change in creative technology, the new production function shifted to a broader capacity building; (3) should be an increase in the investment return of the results of the production of the priority sectors, both private and government; (4) the sector should be developed, so as to give effect to other sectors (Rachbini, 2001).

In general, the main requirement for a sector of the economy deserves to be a seed sector has a dominant contribution to the achievement of the goal area of development. More emphasis on local criteria leading commodity that drives the development of a region (Ambardi and Socia, 2002).

In the 2010-2015 year RPJMD Simalungun said that the vision of Simalungun is "The community and local economy Simalungun prosperous, fair, comfortable, taqwa, safe and cultured".

One focus of the RPJMD is to improve the community's economy. Simalungun economy can be seen from the economic growth which is one of the most important indicator in the analysis of economic development that occurs in an area. One indicator to indicate the level of prosperity of a region is the data regarding the Gross Regional Domestic Product (GDP) at constant prices are valid or. A society is seen experiencing a period of growth in the prosperity of the community where per capita income remains constant by price increases. Economic growth is the growth of income of the people as a whole as a reflection of the increase in the entire value added that is created in a region. Development regional is a function of natural resources, labor and human resources, capital investment, infrastructure and construction, transport and communications, industry composition, technological, economic situation and inter-regional trade, funding and financing capabilities of regional development, entrepreneurship, regional institutions and widespread development environment (Adisasmita, 2008). GDP is the sum of gross value added increase from all sectors of the economy in a region within a specified period.

In other words Gross Domestic Product can be interpreted as an estimate of the total goods and services received by the people of a region as remuneration from the use of production factors has. In this case, the revenue generated for the use of factors but are outside the region are not taken into account. GDP is an economic indicator for measuring the progress of development in a region (Kusmadi et al., 1996). So to calculate the gross value added from each sector and then add them together will generate Gross Regional Domestic Product (GDP).

Regional income calculation method can be done directly through the three approaches (Tarin, 2007), namely:

1. Expenditure Approach, the determination of the regional revenue by adding up all the value of the final use of goods and services produced in a region.
2. Production Approach, is done by summing the output value created by each production sector in the economy.
3. Income Approach, is calculated by adding the income factors of production used in producing goods and services performed

In Indonesia, a commonly used approach is the approach in terms of production. Note that summing the production of goods and services. It should be noted that in summing the production of goods and services, should be avoided double counting.

GDP figures in absolute terms gives an overview of the level of production of an area. GDP figures are assessed at constant prices shows the economic growth of the region represented by the increased production of various sectors. The growth rate of Gross Domestic Product (GDP) Simalungun can be seen in the following table:

Table 1.1. Gross Regional Domestic Product Simalungun Year 2004-2011 by Business Sector on Constant Prices of 2000 (Billion Rupiah)

	Business Sector	2004	2008	2009	2010*)	2011**)
1.	Agricultural	2.493,73	2.910,70	3.064,00	3.217,41	3.399,27
2.	Mining and Energy	14,51	18,71	19,46	20,28	21,30
3.	Processing Industry	730,03	772,39	790,72	824,61	858,46
4.	Electricity, Gas and Water	18,66	24,06	26,19	27,94	30,29
5.	Building	73,46	85,19	89,46	94,55	103,46
6.	Trade, Hotels and Restaurants	352,34	408,91	430,05	457,30	486,89
7.	Transportation and Communication	102,64	126,04	133,46	141,09	150,11
8.	Finance, Real Estate and Business Services	72,06	95,40	102,44	111,39	130,03
9.	Services	382,82	609,91	643,91	676,54	714,78
	Agricultural GDP	2.493,73	2.910,70	3.064,00	3.217,41	3.399,27
	Non-Agricultural GDP	1.746,52	2.140,61	2.235,69	2.353,7	2.495,32

Source: BPSSimalungun

With all the conditions above, then there is the question whether the right strategy development policy to provide optimal impact on economic growth, increase employment and improve the welfare of the population. Due to carry out development with limited resources as a consequence should be focused on the development of sectors that have a large impact on the overall. Regional economic activity is classified into two sectors of activity, namely the base and non-base activities. Base activity is export-oriented activities (goods and services) out of bounds area economy is concerned, while the non-base activities are locally

oriented activities that provide goods and services to the needs of the people within the borders of the economy is concerned.

Activity base has a role as a prime mover (primary mover) in the growth of a region. The greater export a region to another region will further advance the growth of the region, and vice versa. Any changes that occurred in the base will lead to a double effect (multiplier effect) in the regional economy (Adisasmita, 2008).

Basic sector is the sector that became the backbone of the local economy because it has a competitive advantage (Competitive Advantage) is quite high. While the sector is the basis of other sectors with less potential but serves as a support base or service sector industries (Sjafrizal, 2008).

To know the basic sectors and not basic measurement methods can be used directly or indirectly.

In the direct measurement method, a survey conducted on nine major sectors that are in the area. If the export-oriented sectors surveyed, the sectors are grouped into sectors base and vice versa if the sector has only a local scale, the market in the sector are categorized into non-base sector.

On the Indirect Measurement methods, to determine the base and non-base sectors in an area based on indirect measurements, namely:

1. Typology Analysis Klassen used to obtain the classification of regional economic growth in the sector.
2. Location Quotient (LQ) is used to determine the base and non-base sectors in the economy of the region.

Klassen Typology Analysis is used with the aim of identifying the position of economic sectors with regard Simalungun economy of North Sumatra province as a reference area.

Klassen Typology analysis yielded four classifications of different sectors with the following characteristics (Sjafrizal, 2008):

1. Sector advanced and rapidly growing (developed sector) (Quadrant I).
2. Sector forward but depressed (stagnant sector) (Quadrant II).
3. The potential sectors or still can evolve (developing sector) (Quadrant III).
4. Relatively underdeveloped sector (underdeveloped sector) (Quadrant IV)

Location Quotient (LQ)

LQ method used to assess the condition of the economy led to the identification of economic activity specialization. To get the value of the LQ method referring to the formula proposed by Bendavid-Val (Kuncoro, 2004) as follows:

$$LQ = \frac{PDRB_{(Sim, i)}}{PDRB_{Sim\Sigma}} \div \frac{PDRB_{(SU, i)}}{PDRB_{SU\Sigma}}$$

Description:

$PDRB_{Sim, i}$ = i in sector GDP Simalungun in particular

$PDRB_{Sim\Sigma}$ = Total GDP in Simalungun in particular

$PDRB_{SU, i}$ = sector of i for GDP in the province of North Sumatra in particular

$DRB_{SU\Sigma}$ = Total GDP in the province of North Sumatra in particular

Based on the formulations shown in the above equation, then there are three possibilities of LQ value that can be obtained (Kuncoro, 2004), namely:

$LQ = 1$.

This means that the level of specialization in the area of sector i Simalungun is equal to the same sector in the economy of North Sumatra Province.

$LQ > 1$.

This means that the level of specialization in the area of sector i is greater Simalungun than the same sector in the economy of North Sumatra Province

$LQ < 1$.

This means that the level of specialization in the area of sector i Simalungun is less than the same sector in the economy of North Sumatra Province.

If the value of $LQ > 1$, it can be concluded that the sector is a sector basis and the potential to be developed as the economy Simalungun. Conversely, if the value of $LQ < 1$, then the sector is not a sector basis and less potential to be developed as an economic driving Simalungun. This study tried to describe the pattern of sector growth in the economy, as well as determine the leading sectors that can be taken into consideration in policy formulation and development planning in Simalungun.

In general, the main requirement for a decent used as seed sector is a sector of the economy has a dominant contribution to the achievement of development goals. Criteria area more emphasis on selected commodities that could be the motor of development of a region (Ambardi and Socia, 2002).

The benefits of knowing seed sector, which is able to provide an indication of the national and regional economy. Seed sector certainly has a greater potential to grow faster than other sectors in the region, especially the presence of a supporting factor for the seed sector is capital accumulation, growth in labor force absorbed, and advances in technological progress. Creation of investment opportunities can also be done by empowering potential of leading sectors are owned by the respective regions.

Research Methods

Type of research method used is quantitative research methods. Quantitative research in principle is to answer the question. Quantitative research starting from a preliminary study of the research object (preliminary study) to obtain the data.

The data used in this research is secondary data, namely:

GDP Simalungun and North Sumatra Province period 2007-2011, the data used for the analysis of the growth of the sector classification, analysis of basic and non-basic sector, and analyze the changes and shifts in the economic sector.

Methods of data analysis, namely:

1. Klassen Typology analysis is used to obtain the classification of economic growth in the region Simalungun.
2. Location Quotient (LQ) is used to determine basic and non-basic sectors in the economy Simalungun district.

Results and Discussion

Simalungun is one of the districts in the province of North Sumatra located at position $02^{\circ}36' - 03^{\circ}18'$ North latitude and $98^{\circ}32' - 99^{\circ}35'$ East longitude. Simalungun is the third largest district of North Sumatra after Medan District and Langkat with an area of 4386.60 km². Total population Simalungun in 2011 recorded a population of 828,778 population with a composition of 413,361 and 415,417 population male females soul. Population density in Simalungun 189 population/km² with an average population growth of 0.41% per year.

Analysis Typology Klassen

Table 1.2. Growth and Contributions Sector GDP of North Sumatra Province and Simalungun Year 2005-2011

No	Sector	Simalungun		North Sumatra Province	
		Average growth (Si)	Average contribution (Ski)	Average growth (Si)	Average contribution (Ski)
1	Agricultural	4,53	57,86	4,59	23,98
2	Mining and Energy	5,68	0,37	5,78	1,21
3	Processing Industry	2,35	15,50	3,89	22,89
4	Electricity, Gas and Water	7,20	0,47	4,80	0,76
5	Building	5,03	1,71	8,72	6,65
6	Trade, Hotels and Restaurants	4,74	8,16	6,52	18,42
7	Transportation and Communication	5,60	2,52	9,54	9,29
8	Finance, Real Estate and Business Services	8,88	1,89	10,18	6,97
9	Services	9,41	11,52	7,27	9,84

Source: Data processing (2013)

Through the data in Table 1.2. GDP can be classified sector Simalungun years 2005-2011 based Typology Klassen as listed in Table 1.3.

Table 1.3. Sector classification of GDP Simalungun Year 2005-2011 Typology Based Analysis

Quadrant I Sectors forward and grow with rapidly (developed sector) $s_i > s$ dan $sk_i > sk$ Services Sector	Quadrant II Forward sector but depressed (Stagnant Sector) $s_i < s$ dan $sk_i > sk$ Agricultural sector
Quadrant III Potential sectors or they may developing (developing sector) $s_i > s$ dan $sk_i < sk$ Sector Electricity, Gas and Water	Quadrant IV Relatively underdeveloped sector (underdeveloped sectors) $s_i < s$ dan $sk_i < sk$. <ul style="list-style-type: none"> • Mining and Quarrying • Manufacturing Sector • Building and Construction Sector • Sector Trade, Hotels and Restaurants • Transportation and Communications Sector • Financial Sector, Real Estate and Business Services

Source: Data adapted from Table 4.2.

Location Quotient(LQ)

The result of the calculation Location Quotient(LQ) Simalungun of the period of 2005-2011

Table 1.4. Index Calculation Result Location Quotient(LQ) Simalungun Year 2005-2011

No	Sector	Year							Average LQ
		2005	2006	2007	2008	2009	2010	2011	
1	Agricultural	2,307 1	2,388 7	2,415 6	2,418 2	2,431 4	2,458 0	2,482 3	2,4145
2	Mining and Energy	0,286 9	0,310 9	0,302 8	0,301 5	0,309 6	0,308 3	0,305 7	0,3037
3	Processing Industry	0,698 0	0,676 6	0,663 2	0,668 0	0,666 4	0,672 7	0,693 7	0,6769
4	Electricity, Gas and Water	0,527 4	0,563 8	0,618 9	0,650 1	0,675 6	0,681 1	0,688 5	0,6293
5	Building	0,278 8	0,262 6	0,255 8	0,252 5	0,249 3	0,249 6	0,253 5	0,2575
6	Trade, Hotels and Restaurants	0,454 5	0,442 6	0,437 7	0,440 4	0,440 0	0,444 4	0,440 8	0,4429
7	Transportation and Communication	0,304 9	0,285 6	0,272 6	0,268 1	0,264 3	0,258 3	0,254 0	0,2725
8	Finance, Real Estate and Business Services	0,280 4	0,265 0	0,267 1	0,268 1	0,271 6	0,269 7	0,279 1	0,2716
9	Services	1,033 2	1,127 1	1,214 2	1,218 7	1,208 4	1,203 0	1,182 2	1,1695

Source: Data processing (2013)

Based on Table 1.4. from the calculation of the index Location Quotient GDP, it can be the identification of leading sectors are not basic and non-basic sector, there are two key sectors in Simalungun basis, i.e. LQ agriculture with an average of 2.4145 and the services sector with LQ average of 1.1695.

Sectoral shifts that occurred in GDP Simalungun as listed in Table 1.5. indicate there are three sectors decreased contribution from year 2005 to 2011.

Table 1.5. Contributions Sector GDP Simalungun Year 2005-2011 (%)

No	Sector	Year						
		2005	2006	2007	2008	2009	2010	2011
1	Agricultural	58,25	58,14	57,76	57,62	57,81	57,75	57,67
2	Mining and Energy	0,35	0,38	0,37	0,37	0,37	0,36	0,36
3	Processing Industry	16,92	16,28	15,70	15,29	14,92	14,80	14,56
4	Electricity, Gas and Water	0,43	0,45	0,46	0,48	0,49	0,50	0,51
5	Building	1,75	1,71	1,68	1,69	1,69	1,70	1,76
6	Trade, Hotels and Restaurants	8,27	8,10	8,06	8,10	8,11	8,21	8,26
7	Transportation and Communication	2,56	2,53	2,48	2,50	2,52	2,53	2,55
8	Finance, Real Estate and Business	1,74	1,70	1,80	1,89	1,93	2,00	2,21

	Services							
9	Services	9,74	10,72	11,69	12,07	12,15	12,14	12,13
	Total	100	100	100	100	100	100	100

Source: Dataprocessing(2013)

In table shows that the agricultural sector, manufacturing, trade, hotels and restaurants, transport and communications decreased contribution. The contribution of the agricultural sector has decreased from 58.25% to 57.67%. The manufacturing sector is 16.92% to 14.56%. Trade, hotels and restaurants 8.27% to 8.26%. Transport and Communication Sector of 2.56% to 2.55%.

Discussion By Sector

This analysis is used to draw conclusions by combining three results of the analysis, namely analysis Klassen Tipology and Location Quotient (LQ).

Agricultural Sector Analysis

Average contribution reached 57.86% per year, and ranks first in its contribution to GDP. The average growth rate of 4.53% which is lower than the growth rate at the provincial level, so that this sector is classified as advanced sectors but depressed. Based on the analysis of LQ, the agricultural sector showed an average LQ value of 2.4145 (> 1), this means that this sector is a sector basis. This means that this sector can not only meet the needs of Simalungun alone, but is able to meet the needs of other areas so that the agricultural sector is a sector that has the potential to export. .

Mining and Quarrying Sector Analysis

The contribution of the mining and quarrying sector to GDP Simalungun average only 0.37% per year lower than the province. North Sumatra. The average growth rate of 5.68% per year, the rate of growth of this sector is lower than the same sector at the provincial level. so that this sector is classified as a relatively underdeveloped sector.

Simalungun in mining and quarrying sub-sector has only excavation, where sub-sector average growth rate is quite high since 2004 and experienced a peak in 2006 which reached 13.31% slowed to 3.49% in 2007. In 2008 growth in this sector is slowly accelerating the growth rate of 4.21% next 4.02% in 2010 and became 5.04% in 2011 though had slowed 0.01% in 2009. Although the rate of growth in this sector is accelerating in 2011 but is only able to contribute to the GDP growth rate of 0.02% Simalungun or not shifted when compared to the previous year. Total GDP in this sector 50.30 billion, an increase of 9.74% compared to the year 2010 with a contribution to total GDP by 0.43% Simalungun or can be said did not change significantly during the period of 5 years.

Processing Industry Sector Analysis

The results of the analysis of the manufacturing sector is classified as a relatively underdeveloped sector. This is due to the average growth of 2.35% is still lower than the average growth rate of 3.89% Provincial. While the average contribution to the GDP of 15.50% is also smaller than the Province of 22.89%. The development of the manufacturing sector LQ values showed a downward trend during the observation period and its value is never $>$ so that this sector is classified as non-basic sector.

Sector Analysis Electricity, Gas and Water Supply

The results of the analysis of electricity, gas and water are classified as potential or sector can still thrive. This is due to the contribution of the average of 0.47% lower than the Province of 0.76%. However, the average growth rate of 7.20% higher than the Province of 4.80%. The development value LQ electricity, gas and water in the observation time value never > 1 so that this sector is classified as non-basic sector.

Contributions of electricity, gas and water in Simalungun only reached 0.81% of GDP in total GDP Simalungun with 93.81 billion dollars. The rate of growth in this sector amounted to 8.41% experienced accelerated growth over the previous year with a rate of 6.67%, but still slower than in 2009 at 8.86%

The sector forming an electricity sub-sector contribution 92.28%, the rest by subsector water. Subsector growth rate of 8.42% of electricity itself is accelerating over the previous year grew by 6.77%, but still slower than in 2009 at 9.24% while the clean water back subsector experienced a growth spurt that is 8.34% compared 2010 growth rate of 5.35%. This can happen due to the persistence of the people who do not enjoy clean water while in the electricity sub-sector due to the limited supply electricity to the public, while the gas subsector until now there has been no in Simalungun.

Building and Construction Sector Analysis

The results of the analysis of the building and construction sector is classified as relatively underdeveloped. Due to the contribution of these numbers on average by 1.71% lower than the Province of 6.65%. Likewise, the average growth rate of 5.03% smaller than the Province of 8.72%. The development of the value of the building and construction sector LQ within the observation value is never > 1 so that this sector is classified as non-basic sector. Building sector GDP in 2010 reached 217.76 billion with a growth rate of 9.42%. The rate of growth in this sector is accelerating compared to the year 2010 amounted to 5.69%. Contribution to GDP amounted to 1.87% Simalungun. It shows the contribution of this sector do not experience significant shifts over the last 5 years.

Sector Analysis of Trade, Hotels and Restaurants

The results of the analysis of the trade, hotels and restaurants are classified as relatively underdeveloped. This is due to the contribution of the average of 8.16% lower than the Province of 18.42%. Likewise, the average growth rate of 4.74% is less than 6.52% Province. The development value LQ trade, hotels and restaurants within the observation value is never > 1, so that this sector is classified as non-basic sector. Trade sector serves as a support group of the primary sector, namely agriculture, quarrying sector and secondary sector groups (industry and construction), also serves to encourage tourism in Simalungun. Thereby to increase the growth rate of this sector can be pursued increase the growth rate of agriculture, quarrying and industry.

Transport and Communication Sector Analysis

The results of the transport and communications sector is classified as relatively underdeveloped. This is due to the contribution of the average of 2.52% lower than the Province of 9.29%. Likewise, the average growth rate of 5.60% is less than 9.54% Province. The development of the value of the transport and communications sector LQ within the observation value never > 1, so that this sector is categorized as a sector basis. Telecommunications sub-sector contribution of 35.03% of the transport and communications

sector and 1.15% of the total GDP, or by 133.84 billion. This sub-sector growth rate of 6.8%, and when compared to the growth rate in 2010 amounted to 5.84%, the accelerated growth.

Analysis of the Financial Sector, Real Estate and Business Services

The results of the analysis of this sector is classified as relatively underdeveloped. This is due to the contribution of the average 1.89% lower than the Province of 6.97%. Likewise, the average growth rate of 8.88% smaller than the Province of 10.18%. The development value LQ trade, hotels and restaurants within the observation value is never > 1 , so that this sector is classified as non-basic sector.

The rate of growth of this sector experienced a very sharp acceleration is 16.74%, compared to the previous year at 8.73%. Accelerating the pace of this growth comes from all sub-sectors in which the largest contribution comes from the banking sub-sector amounted to 13.24%, which this year grew up to 28.49%.

Sector Analysis Services

The results of the analysis of the services sector are classified as advanced sectors and growing rapidly. This is due to the contribution of the average of 11.52% and ranked third compared to other sectors and the percentage is higher than the province amounted to only 9.84%. Likewise, the average growth rate of 9.41% higher than the province of 7.27%. LQ value development services sector within the observation value > 1 so that the sector is considered as the basic sectors. The results of the analysis of the services sector can be concluded that this sector is a dominant sector as a basic sector, sectors classified as advanced and fast-growing, competitive and growth rate is greater than the provinces. The contribution of the services sector in each year showed a significant improvement of 6.31% which rose continuously in 2000 to 10.43% in 2006 and then became 11.63% in 2010 and 11.61 in 2011 with a total GDP of 1.35 trillion dollars, and the third largest contributor after agriculture and industry in GDP formation Simalungun.

The rate of growth in the services sector by 5.65% compared to 2010 is accelerating is 5.07% with a 5.04% growth source is the contribution of government services subsector and only 0.61% of private services subsector. The highest growth rate in the private service sector in particular amusement and recreational services was 6.26%.

Featured sector Relation to Regional Development

The results of analysis by sector shows that the Simalungun has two sectors are the leading sectors, namely agriculture and services sectors. Agricultural sector has a considerable influence on GDP in Simalungun. In 2004 can be seen that the agriculture sector accounted for 2493.73 (billion dollars) of the total amount of the total 4240.25 (billion) GDP Simalungun. Likewise up to the Year 2011 Agriculture sector accounted 3399.27 (billion dollars) of the total amount of the total 5894.59 (billion dollars) GDP Simalungun. From this figure we can see so much of a role the agricultural sector in GDP Simalungun. Services sector also accounted for a major contribution to GDP Simalungun. In 2004 can be seen that the services sector accounted for 382.82 (billion dollars) of the total number of the total 4240.25 (billion) GDP Simalungun. Likewise up to the Year 2011 Services sector accounted for 714.78 (billion dollars) of the total amount of the total 5894.59 (billion dollars) GDP Simalungun. From this figure we can see the services sector has a role in GDP Simalungun

Direction and Regional Development Policy in Simalungun

Analysis of the determination of the leading sectors is needed as a basis for the formulation of economic development pattern Simalungun development policy in the future, so that economic development policy can be directed to drive these sectors. Simalungun District Government may determine the allocation and budget priorities for the agricultural sector significantly to spur growth or regional economic growth, thus encouraging the achievement of public welfare.

The results of the analysis Typology Klassen also shows that the services sector, including in Quadrant I of the sector forward and growing fast. Likewise, through LQ analysis shows that the services sector is a basic sector of the economy. But it must be observed that most of the services sector which includes DAU, DAK and forth from the central government. The service sector is highly dependent on the number given by central government to the regions which can fluctuate up and down. Therefore, the services sector can not be a dominant sector in the long term or in other words, the services sector is the dominant sector were temporary.

Planning in the determination of development policy should be directed to support the advancement of the agricultural sector. Irrigation construction or road building agricultural businesses that can help the development of the agricultural sector. For the manufacturing sector should be directed to the industrial production process that can be generated by the agricultural sector in Simalungun. This is very useful for economic actors in the agricultural sector be encouraged to increase their productivity. The agricultural sector is expected to create backward linkage and forward linkage to other sectors that are directly related to this sector.

Very large government role in the improvement of the agricultural sector, especially in cooperating with parties outside of administrative boundaries Simalungun in marketing agricultural products owned. In addition, the government can also search for those willing to invest in Simalungun in the form of industrial development that directly uses the raw materials of agricultural products in Simalungun. It is expected to create a multiplier effect and also increase the absorption of labor, which in turn will increase the GDP Simalungun itself.

Conclusions and suggestions

Conclusion

1. Results of the analysis indicate that by Klassen Typology advanced sector is the services sector and agriculture.
2. The results of the index calculation Location Quotient sector which is the basic sector ($LQ > 1$), namely, agriculture and services sector
3. Based on the calculation of the tool analysis shows that the sector is the dominant sector with the criteria of belonging to the sector forward and grow rapidly, basic and competitive sector, namely the service sector. While the agricultural sector also includes basic sector although the sector is still ahead but depressed and growth of the agricultural sector in the province of North Sumatra is greater than the growth of the agricultural sector in Simalungun but the sector is still potential to be developed.

Suggestion

1. The District Government Simalungun in an effort to increase GDP to better prioritize the development of leading sectors with no neglect of other sectors in the implementation of development planning.

2. Simelungun District Government needs to provide counseling to farmers to increase production, to increase agricultural productivity improvement can be done by increasing the role of technology.
3. The services sector as a leading sector and has the third largest contribution compared to other sectors where the average contribution of 11.52 percent and the percentage is higher than the province amounted to only 9.84 percent.
4. The agricultural sector as the basic sectors in Simalungun must be improved so that the growth of this sector can come out of the quadrant II is advanced but depressed sector.
5. This study is limited to the stage of determining the seed sector, to other researchers suggested for further research to determine the stage.

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