Management strategy of increasing revenue potential to improve local government performance

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ABSTRACT

This study aims to analyze the management strategy of revenue potential to improve the performance of the local government of Takalar Regency, South Sulawesi Province. The type of research is quantitative with a descriptive approach. The data analysis technique is Klassen Typology analysis, a technique of grouping a sector by seeing the growth and contribution of specific sectors to the total Gross Regional Domestic Product (GRDP) from 2016 to 2020. Based on the analysis results, there will be a policy in determining management strategies if revenue potential to improve local government performance. The study found that the leading sectors are agriculture, forestry, fisheries, electricity and gas procurement, real estate, government administration, defense, and social security. The management strategies of these sectors are intensification, partnership, and improvement of human resources. However, the developing sector does not exist. The potential sectors are mining and quarrying, water supply, waste management, waste and recycling, construction, providing accommodation for food and drink, and information and communication. The management strategies of these sectors are education, innovation, and partnerships. In contrast, the underdeveloped sectors are manufacturing, wholesale, and retail trade sectors; car and motorcycle repair, transportation and warehousing, financial and insurance services, corporate services, education services, health services, social activities, and other services. The management strategies of these sectors are extensification or expansion.

Introduction

Local governments have enormous natural resources, whereas regions with poor natural resources respond with little concern. It is because most local governments still rely on sources of income from the results of their natural wealth. The implementation of regional autonomy and fiscal decentralization has consequences for local governments to be more independent, both from the financing system and in determining the direction of regional development under the priorities and interests of the people in the region. The implementation of regional autonomy and fiscal decentralization has the consequence of increasing the authority of regional governments as a result of the delegation of functions (authorities) that have initially been carried out by the central government, which were later transferred to regional governments. One form is the change in authority in managing government revenues, which the central government mainly handles; with regional autonomy, regional governments are delegated greater authority to manage these revenues. One of the issues with post-regional autonomy is local governments’ reliance on federal balancing money. It is owing to local governments’ inability to handle the potential that exists in their area, which has an impact on their initial income. As a result, revenue management is required to assist each region in understanding their prospective income and maximizing it to fund government activities and public services. It will affect the performance of the local government, so every local government absolutely must understand the potential of its resources.

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Implementing regional autonomy will indirectly force the regions to make changes, both changes in structure and changes in bureaucratic processes and culture. Changes in strategy formulation and strategic planning have begun to be implemented, namely strategic plans by making national development programs, strategic plans, and new annual development plans. Each region further elaborates them in the form of regional development programs and regional strategic and regional plans, and annual regional development. Changes in the budgeting system have also begun using a performance budget. In addition, several regions have also started using standard cost analysis (ASB) as a tool to create budget efficiency and effectiveness as the application of value for money. The primary purpose of implementing regional autonomy is to improve public services, improve community welfare and advance the regional economy as a supporter of the national economy (Mardiasmo, 2021). The expected economic growth and development are healthy and sustainable economic growth and development.

Economic growth is described by the growth of GRDP (Gross Regional Domestic Product Growth), which is one of the essential elements and the primary determinant of the national and regional development process (Syamsuri & Hasti, 2020). An area can grow faster or slower depending on the regional economic potential. The influence of the surrounding area and high economic growth is still the main target in preparing national and regional development plans. With economic growth, unemployment and poverty rates will decrease, and community welfare will increase (Sjafrizal, 2018). The fundamental targets to be achieved in the development of a region include: (1) increasing the rate of regional economic growth, (2) increasing income per capita, (3) unemployment, poverty, unemployment, and inequality, and (4) improving the quality of human development. These indicators essentially reflect the actual condition of the regional economy, and the preparation of targets is essential and a necessity for regions to measure the success of their government (Kuncoro, 2015).

Ichwanudin & Setyadi (2019) found that research using Klassen typology contained five sectors classified as superior sectors, namely (1) Agriculture, Forestry, and Fisheries, (2) Mining and Quarrying, (3) Manufacturing Industry, (4) Wholesale and Retail Trade, Car and Motorcycle Repair, and (5) Real Estate. In addition, the results of research using the Klassen Typology, LQ, MRP, and Overlay gave the same results, namely, the sectors that are the leading or dominant sectors in Kendal Regency are the agricultural sector the mining sector (Wahyuningtyas et al., 2013). Furthermore, the research results show that the dominance of the largest regional group is seven relatively underdeveloped regions (Mashiran, 2019). Meanwhile, there are five developed regions and four developed but depressed regions. Furthermore, three areas are categorized as fast-developing areas. It shows that there is an imbalance in regional progress in West Sumatra.

Lawalai (2021) looked at ways to boost the ability of the City of Baubau's Regional Financial, Asset, and Revenue Management Bodies. This research study combines a SWOT analysis technique with a qualitative approach consisting of Strengths, Weaknesses, Opportunities, and Threats to gain clarity on where the local government stands as a developed organization. Internal factors were assessed, including the Baubau City Finance, Asset, and Regional Revenue Management Agency's ability to increase organizational capability. He discovered that none of the elements are favorable or damaging to Baubau City's Regional Financial, Asset, and Income Management Agency. The modeling accuracy of 55 revenue data series from 18 local governments was investigated (Williams & Kavanagh, 2016). With monthly and quarterly data, the results suggest that forecast software, damped trend approaches, and basic exponential smoothing methods perform well. Annualized data is marginally better than monthly or quarterly data. Converting dollar values to real dollars before projecting and reconverting using a forecasted index has no benefit for monthly data. For some types of data, naive approaches outperform exponential smoothing methods, and precise dollar conversion generally exceeds nominal dollar. The article proposes a strategy for selecting a forecasting approach as well as benchmark forecast errors.

These previous studies differ from the research we analyzed. This current research analyzed revenue potential management strategies to improve the performance of local governments, especially in Takalar Regency. It is one of the regions of South Sulawesi Province. It is also a buffer zone for Makassar, the capital city and the economic center of South Sulawesi and the East Indonesian Region. The buffer zone for Takalar Regency can be economically positive if Takalar Regency can anticipate the saturation of the development of industrial activities in Makassar. That is by providing alternative land for industrial development that is representative, conducive and strategic. Based on the condition of the area and the objectives to be achieved, it is necessary to determine a typology based on fundamental economic indicators.

Determination of this typology is crucial for local governments, especially in Takalar Regency. The problem in this study is how income management strategies are based on several economic sectors: the superior sector, the optimal sector, the developing sector, and the underdeveloped sector. Therefore, the government can take a policy to improve the performance of local governments. In addition, it can be a reference for local governments to determine strategies for managing potential revenues in improving local government performance.

This research aims to determine the priority areas for development to achieve the objectives and the regional target. In addition, it can be used as evaluation material for policymakers to achieve goals and targets in the field of sustainable development. It can be used as a reference for the local government of Takalar Regency to determine revenue potential management strategies in improving the performance of the Regional Government of Takalar Regency, South Sulawesi Province, from 2016 to 2020.
Literature Review

**Gross Regional Domestic Product (GRDP)**

The definition of Gross Regional Domestic Product (GRDP), according to the Central Statistics Agency in 2020, is the amount of added value generated for all business areas in a region or is the total value of final goods and services produced by all economic units in a region. In addition to GRDP as a measuring tool, it is also a statistical analysis that can be used to obtain information about the rate of regional economic growth. It can be used to analyze changes in the level of prosperity based on constant prices in an area. GRDP, in this case, can also mean the amount of added value arising from all production units within a region within a certain period (Syamsuri et al., 2018).

GRDP is often used as an indicator that represents area size in terms of the regional income of a region. This GRDP indicator often appears in discussions of the success of a region's development. The higher the value of a region's GRDP indicates the increasing success of a region's development and vice versa. GRDP statistics books always explain the definition of GRDP, namely as the amount of added value produced by all business units in a region or the total value of final goods and services produced by all economic units in a region.

Gross Regional Domestic Product (GRDP) is the value of all goods and services produced within one year in a particular area without distinguishing ownership of factors of production. Instead, it requires the presence of factors of production used in the production process. GRDP is a reflection of the economic progress of a region. The increase in GRDP will cause regional income from the tax and levy sector to increase. It has an impact on increasing PAD in the area. One way to see economic progress is to look at the value of GRDP growth. Economic growth is measured based on the value of GRDP at constant prices because the value of GRDP is not affected by price changes. Therefore, the changes obtained are fundamental changes that are not affected by price fluctuations (Asmuruf, 2015).

**Management Strategy of Revenue Potential**

According to Rajali (2012), strategy is a tool to achieve goals and the utilization and allocation of all essential resources to achieve these goals. Thus, every organization needs a strategy. The need for strategy arises because organizations must consider thousands of decision variables. Many people make these decisions under uncertain conditions and with incomplete information. Through a generally understood strategy, the organization can achieve consistency of decisions made for all members of the different organizations and across time. To some extent, strategy can be thought of as something heuristic, a set of clues or rules that help make everyday decisions.

David (2002) reveals that strategic management offers several benefits. It enables identifying, prioritizing, and exploiting opportunities. It provides an objective view of management issues and becomes a framework for improving coordination and control of activities. In addition, it minimizes the effects of adverse conditions and changes and enables critical decisions to better support established goals. It allows for a more effective allocation of time and resources to identify opportunities, fewer resources, and less time to correct errors or ad hoc decisions. It creates a framework for internal communication among staff and helps integrate individual behaviour into a total effort. Moreover, it provides a basis for explaining individual responsibilities and impetus for forwarding thinking. It provides a cooperative, integrated, and enthusiastic approach to dealing with various problems and opportunities. It encourages an attitude of acceptance of the change. It provides the right level of discipline and formality to the management of a business.

The local governments need to recognize their regional revenue potential. The amount of potential income from one region to another varies and is influenced by demographic, economic, sociological, cultural, geomorphological, and environmental factors. The analysis of potential income aims to determine the opportunities for obtaining optimal income that can still be realized (Mahmudi, 2020). The income potential is still hidden, so it is necessary to examine its magnitude. If it is viewed from the potential ownership and ability to manage the existing income potential, an area can be categorized into four, namely:

i. High potential and ability to manage
ii. High potential but low ability to manage
iii. Low potential but has high managing ability
iv. Low potential and low managing ability
Quadrant I is an ideal condition; namely, the government has high revenue potential, and the ability to manage this potential is also high. In this condition, what needs to be accomplished is maintaining a source of income for inter-generational fiscal sustainability. Quadrant II is a government condition with high revenue potential but cannot manage that potential adequately. Therefore, in this condition, the spirit of economic nationalism is needed, namely the spirit to protect and utilize the economic potential for the nation's benefit and the welfare of society. Quadrant III is a government condition with low potential but has a high capacity to manage. In this condition, the strategy that can be done is to carry out extensification, expansion, and innovations. Quadrant IV is the worst condition to avoid, namely low potential and low ability to manage income. In this condition, it is necessary to implement a strategy to improve the quality of human resources through education and training programs to manage potential income better and make development innovations.

Researcher can use Klassen Typology analysis to map the regional potential by sector based on GRDP data. Klassen Typology Analysis is a technique of grouping a sector by looking at the growth and contribution of specific sectors to the total GRDP. By using Klassen typology analysis, a sector can be grouped into four categories (Mahmudi, 2010), as follows:

i. The leading sector (prime) is the sector with the most dominant contribution to the economy. A sector is categorized into a prime sector if the sector growth is high and its contribution to GRDP is significant.

ii. Potential sectors are sectors that also provide a high contribution to the regional economy, but the sector’s growth is slow and tends to decline.

iii. The developing sector is experiencing an increase, which is indicated by high growth, but its contribution is still low.

iv. Underdeveloped sectors are sectors that are regional weaknesses indicated by slow growth and low contribution to GRDP.

Worumi (2018) analyzed the strategy to increase the Regional Original Income (PAD) of Sarmi Regency. He found that the increase in Regional Original Income (PAD) in managing various regional potentials and objects of regional taxes and regional levies has not been optimal. He also points out that the sources of potential local revenue have not been disciplined in their management.

Local Government Performance

According to Bastian (2020), performance is a description of the achievement of the implementation of an activity/program/policy in realizing the organization’s goals, objectives, mission, and vision. Performance is often translated as appearance, work performance, level of success, or achievement of a target that shows the implementation of the results of individuals or groups of individuals who are assessed based on the measurements of a performance measurement system. The objectives of performance measurement, according to Mahmudi (2020), are to determine the level of achievement of organizational goals; to provide team member learning facilities; to improve the performance of the next period; to provide systematic consideration in making decisions on giving rewards and punishments; to motivate employees; and to create public accountability.

It is necessary to know the performance indicators as the basis for performance appraisal to measure the performance of local governments (Mardiasmo, 2021). The mechanism for determining these performance indicators requires several things. The first is the planning and control system, including processes, procedures, and structures. It ensures that organizational goals have been explained and communicated to all parts of the organization using a transparent chain of command based on the specification of leading tasks and functions, authorities, and responsibilities. The second is technical specifications and standardization. The performance of an activity, program, and organization is measured using detailed technical specifications to assure that these technical
specifications are used as a standard of assessment. The third is technical competence and professionalism. It is necessary to have personnel who have technical and professional competence in their work to guarantee the fulfillment of the technical specifications and standardization that has been set. The fourth is economic mechanisms and market mechanisms. The economic mechanism provides financial rewards and punishments, while the market mechanism is related to using resources that ensure the fulfillment of value for money. The last is the human Resources mechanism. Local governments need to use several mechanisms to motivate their staff to improve personal and organizational performance.

**Research and Methodology**

The type of research used is quantitative with a descriptive approach. This research was conducted in Takalar Regency, South Sulawesi Province. The data used is secondary data that has been published by the Central Statistics Agency (BPS) of Takalar Regency, South Sulawesi Province, in 2016-2020 and literature studies. The literature study comes from report documents published by BPS. The analytical tool used is the Klassen Typology Analysis tool. The Klassen Typology analysis tool is used to identify sectors, sub-sectors, businesses, or priority or superior commodities of a region and describe the pattern and structure of a region's economic growth (Ciptawaty, 2019).

The rate of change in GRDP at constant prices is an important indication of a region's economic growth. Several analysis can be performed using the data and information contained in the GRDP to acquire information regarding sector growth classification and sector changes and shifts. The analysis required to determine an area's economic standing by referring to a higher regional economy is known as sector growth classification. The analysis' findings will highlight the GRDP sector position, which will be divided into advanced and fast-growing sectors, potential or still-developing sectors, relative lagging sectors, and advanced but depressed sectors. This classification can be used to design development policies based on the position of the regional economy, which serves as a benchmark. The analysis required to determine the changes and shifts of sectors in a region's economy is known as sector changes and shifts. In comparison to the reference area, the analysis results will describe the performance of the sectors in the regional GDP. If the deviation is positive, a GRDP sector is said to have a competitive edge. Classification of Klassen typology based on a sectoral approach of potential ownership and ability to manage existing potential, an area can be categorized into four, which can be seen in table 1.

| Average of Sectoral Contribution to GRDP | Average Rate Sectoral Growth | Sector Category Based on Klassen Typology |
|----------------------------------------|-----------------------------|-----------------------------------------|
| Ŷ_sector ≥ Ŷ_grdp                       | û_sector ≥ Ť_grdp           | Leading Sector                          |
| Ŷ_sector < Ŷ_grdp                       | û_sector < Ť_grdp           | Developing Sector                       |
| Average of Sectoral Contribution to GRDP|                             |                                         |

Table 1: Sector Category Based on Klassen Typology

Source: (Mahmudi, 2020)

Description:

Ŷ_sector = average sector i û_sector = growth rate of sector i

Ŷ_grdp = average GRDP û_grdp = growth rate of GRDP

Klassen Typology Analysis produces four sector classifications with different characteristics (Endaryanto et al., 2015). The first is developed sector (Quadrant I). This quadrant is a quadrant whose growth rate of a particular sector in GRDP (ri) is greater than the growth rate of the sector in regional GRDP which is a reference (r) and has a value of sector contribution to GRDP (yi) which is greater than the sector's contribution to GRDP the area that becomes the reference (y). The second is advanced but depressed sector (stagnant sector) (Quadrant II). This quadrant is a quadrant whose growth rate of a particular sector in GRDP (ri) is smaller than the growth rate of the sector in the regional GRDP which is a reference (r), but has a sector contribution to GRDP (yi) which is greater than the sector's contribution to GRDP is the reference (y). The third is potential sector or still developing (developing sector) (Quadrant III). This quadrant is a quadrant whose growth rate of a particular sector in GRDP (ri) is greater than the growth rate of the sector in the regional GRDP which is a reference (r), but has a value of sector contribution to GRDP (yi) which is smaller than the sector's contribution to GRDP is the reference (y). The fourth is underdeveloped sectors (Quadrant IV). This quadrant is a quadrant with a certain sector growth rate in GRDP (ri) which is smaller than the growth rate of the sector in regional GRDP which is a reference (r) and at the same time has a sector contribution to GRDP (yi) which is smaller than the sector's contribution to GRDP is the reference (y).
The research framework in this study is as follows:

![Figure 1: Research Framework. Source: Authors](image)

**Findings and Discussions**

**Revenue Potential Analysis**

Data for the Gross Regional Domestic Product (GDP) of Takalar Regency for five years, from 2016 to 2020, the average GRDP of each sector is can be seen in the following table 2.

**Table 2: Gross Regional Domestic Product of Takalar Regency Based on Constant Prices by Business Field 2016-2020 (Million Rupiah)**

| Business Fields                              | 2016               | 2017               | 2018               | 2019               | 2020               | Average       |
|----------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------|
| Agriculture, Forestry, & Fisheries           | 2,589,738.42       | 2,774,415.46       | 2,956,526.26       | 3,121,401.54       | 3,072,892.28       | 2,902,994.79  |
| Mining and Quarrying                         | 84,191.07          | 91,444.82          | 97,297.28          | 103,543.77         | 106,413.69         | 96,578.13     |
| Manufacturing Industry                       | 312,935.95         | 328,422.77         | 332,538.49         | 366,366.27         | 358,766.20         | 339,805.94    |
| Electricity and Gas Procurement              | 8,823.85           | 9,375.96           | 10,051.33          | 11,485.50          | 11,774.74          | 10,302.28     |
| Water Supply, Waste Management, Waste and Recycling | 2,821.88       | 3,014.58           | 3,239.44           | 3,362.54           | 3,652.17           | 3,218.12      |
| Construction                                 | 373,525.23         | 408,517.72         | 434,254.34         | 458,051.47         | 453,333.60         | 425,536.47    |
| Wholesale and Retail Trade: Car and Bicycle Repair | 725,740.18       | 790,540.13         | 873,331.90         | 949,193.55         | 935,770.98         | 854,915.35    |
| Transportation and Warehousing               | 159,245.39         | 172,957.31         | 189,727.37         | 206,020.61         | 197,968.35         | 185,183.81    |
| Provision of Accommodation and Food and Drink| 17,425.07          | 19,049.28          | 21,412.27          | 23,230.14          | 21,580.78          | 20,539.51     |
| Information and Communication                | 214,529.59         | 236,231.00         | 252,767.17         | 274,309.13         | 302,929.05         | 256,153.19    |
| Financial and Insurance Services             | 71,915.44          | 76,333.08          | 80,155.53          | 84,446.62          | 90,102.14          | 80,590.56     |
| Real Estate                                  | 321,932.97         | 349,718.28         | 365,040.52         | 386,110.32         | 383,442.63         | 361,248.94    |
| Corporate Services                           | 344,77             | 372,19             | 408,29             | 448,05            | 426,06             | 399,87        |
| Government Administration, Defense and Social Security | 370,482.36       | 382,851.68         | 402,358.90         | 446,845.30         | 445,522.38         | 409,612.12    |
| Education Services                           | 74,816.62          | 79,818.38          | 86,783.73          | 92,028.59          | 96,126.83          | 85,914.83     |
| Health Services & Social Activities          | 63,863.18          | 66,787.21          | 68,939.09          | 72,551.50          | 79,843.32          | 70,396.86     |
| Other Services                               | 12,988.42          | 14,094.46          | 15,842.18          | 16,888.86          | 15,219.77          | 15,000.74     |
| **Gross Regional Domestic Product**          | **5,405,320.37**   | **5,803,944.31**   | **6,190,674.12**   | **6,616,253.76**   | **6,575,764.97**   | **6,118,391.51**|

**Source:** Central Bureau of Statistics. Processed data

Based on the average GRDP of Takalar Regency in table 3 above, we can calculate the GRDP growth rate and the growth of each sector as follows:
Table 3: Growth Rate of Gross Regional Domestic Product and Sector Growth in Takalar Regency

| Business Fields                                      | 2017  | 2018  | 2019  | 2020  | Average |
|-----------------------------------------------------|-------|-------|-------|-------|---------|
| Agriculture, Forestry & Fisheries                  | 7.13% | 6.56% | 5.58% | -1.55%| 4.43%   |
| Mining and Quarrying                                | 8.62% | 6.40% | 6.42% | 2.77% | 6.05%   |
| Manufacturing Industry                              | 4.95% | 1.25% | 10.17%| -2.07%| 3.58%   |
| Electricity and Gas Procurement                     | 6.26% | 7.20% | 14.27%| 2.52% | 7.56%   |
| Water Supply, Waste Management, Waste and Recycling | 6.83% | 7.46% | 3.80% | 8.61% | 6.68%   |
| Construction                                        | 9.37% | 6.30% | 5.48% | -1.03%| 5.03%   |
| Wholesale and Retail Trade: Car and Bicycle Repair  | 8.93% | 10.47%| -1.41%| 6.67% |         |
| Transportation and Warehousing                      | 8.61% | 9.70% | 8.59% | -3.91%| 5.75%   |
| Provision of Accommodation and Food and Drink       | 9.32% | 12.40%| 8.49% | -7.10%| 5.78%   |
| Information and Communication                       | 10.12%| 7.00% | 8.52% | 10.43%| 9.02%   |
| Financial Services and Insurance                    | 6.14% | 5.01% | 5.35% | 6.70% | 5.80%   |
| Real Estate                                         | 8.63% | 4.38% | 5.77% | -0.69%| 4.52%   |
| Corporate Services                                  | 7.95% | 9.70% | 9.74% | -4.91%| 5.62%   |
| Government Administration, Defense and Social Security| 3.34% | 5.10% | 11.06%| -0.30%| 4.80%   |
| Education Services                                  | 6.69% | 8.73% | 6.04% | 4.45% | 6.48%   |
| Health Services & Social Activities                 | 4.58% | 3.22% | 5.24% | 10.05%| 5.77%   |
| Other Services                                      | 8.52% | 12.40%| 6.42% | -9.72%| 4.40%   |
| **Gross Regional Domestic Product**                 | 7.37% | 6.66% | 6.87% | -0.61%| 5.08%   |

Source: Data processed

Table 4: Classification of Each Business Sector Based on Klassen’s Typology

| Sectors                                           | Ye sector | YGRDP  | r sector | r GRDP  | Category            |
|----------------------------------------------------|-----------|--------|----------|---------|---------------------|
| Agriculture, Forestry & Fisheries                  | 2,902,994,79 | 6,118,391,51 | 4.43 | 5.08 | Leading Sector      |
| Mining and Quarrying                               | 96,578,13 | 6,118,391,51 | 6.05 | 5.08 | Potential Sector    |
| Manufacturing Industry                             | 339,805,94 | 6,118,391,51 | 3.58 | 5.08 | Underdeveloped Sector |
| Electricity and Gas Procurement                     | 10,302,28 | 6,118,391,51 | 7.56 | 5.08 | Leading Sector      |
| Water Supply, Waste Management, Waste and Recycling| 3,218,12 | 6,118,391,51 | 6.68 | 5.08 | Potential Sector    |
| Construction                                       | 425,536,47 | 6,118,391,51 | 5.03 | 5.08 | Potential Sector    |
| Wholesale and Retail Trade: Car and Bicycle Repair  | 854,915,35 | 6,118,391,51 | 6.67 | 5.08 | Underdeveloped Sector |
| Transportation and Warehousing                      | 185,183,81 | 6,118,391,51 | 5.75 | 5.08 | Underdeveloped Sector |
| Provision of Accommodation and Food and Drink       | 20,539,51 | 6,118,391,51 | 5.78 | 5.08 | Potential Sector    |
| Information and Communication                       | 256,153,19 | 6,118,391,51 | 9.02 | 5.08 | Potential Sector    |
| Financial Services and Insurance                    | 80,590,56 | 6,118,391,51 | 5.80 | 5.08 | Underdeveloped Sector |
| Real Estate                                         | 361,248,94 | 6,118,391,51 | 4.52 | 5.08 | Leading Sector      |
| Corporate Services                                  | 399,87 | 6,118,391,51 | 5.62 | 5.08 | Underdeveloped Sector |
| Government Administration, Defense and Social Security| 409,612,12 | 6,118,391,51 | 4.80 | 5.08 | Leading Sector      |
| Education Services                                  | 85,914,83 | 6,118,391,51 | 6.48 | 5.08 | Underdeveloped Sector |
| Health Services & Social Activities                 | 70,396,86 | 6,118,391,51 | 5.77 | 5.08 | Underdeveloped Sector |
| Other Services                                      | 15,000,74 | 6,118,391,51 | 4.40 | 5.08 | Underdeveloped Sector |

Source: Data processed

Based on the Klassen typology analysis, it can be seen which sectors are superior, sectors that can still be optimized, developing sectors that still provide development prospects for the region, and underdeveloped sectors which are not regional advantages.
Takalar Regency has advantages in agriculture, forestry and fisheries, electricity and gas procurement, real estate, government administration, defense, and social security. Meanwhile, the potential sectors are mining and quarrying water supply, waste management, waste and recycling, construction, accommodation and food and drink, and information and communication. The potential sector can be directed to become a leading sector with the support capacity of government management that has an entrepreneurial spirit, human resources, and adequate infrastructure. Katti et al. (2019) focused on the role of the agricultural sector in improving regional competitiveness. He found that the role of the agricultural sector in the context of strengthening regional competitiveness increases locally-generated revenue (PAD), supports and encourages the development of other sectors, and increases regional and national economic growth to increase income per capita society. In addition, the research finding by Wahyuningtyas, R et al. (2013) from Klassen's typology analysis found that the main sectors were the agricultural and mining sectors. The results are the same as in this study, where the leading sector is the agricultural sector, but the mining sector in this study is not a potential sector.

The underdeveloped sectors are manufacturing, wholesale and retail trade; car and motorcycle repair; transportation and warehousing; financial and insurance services, corporate services, education services, health services, social activities; and other services. It is expected that this underdeveloped sector can be directed to become potential, or at least the Takalar Regency Government needs to minimize the number that is included in this underdeveloped sector and must be maintained so that it does not increase again.

Management Strategy

From the results of the Klassen typology analysis, the Takalar Regency Government can take a management strategy to improve the performance of the Takalar Regency Government based on a priority scale directed at leading sectors without overriding still paying attention to other sectors as supporting sectors. As for the sectors that have not become superior in the future, their growth should be stimulated to become the leading sectors to strengthen the foundation of economic development growth, especially in Takalar Regency, so that all economic sectors are at the level of advanced and developing sectors. Therefore, these sectors should be maintained for example by involving the citizens. Policymakers, researchers, and practitioners in many resource-rich developing nations recommend governments to involve citizens in natural resource revenue management in order to assure economic growth and societal progress (Cameron & Stanley, 2017; Epremian et al., 2016; Ofori & Lujala, 2017). Citizen participation in natural resource income management can assist citizens in forming or adjusting their opinions, debating problems, and voicing their concerns about resource governance (Epremian et al., 2016; Fox, 2007; Lujala & Epremian, 2017).

There are some implications of the revenue potential management strategy for the performance management of the Takalar Regency Government. First, the leading government sector needs to maintain the stability of the growth of the leading sector because this sector becomes the strength and competitiveness of the region. If this leading sector is not appropriately managed, it can shift its position. Its growth will decline even though the number is still relatively large. Second, the potential sector needs guidance and support capacity of government management that has an entrepreneurial spirit, human resources, and adequate infrastructure. Third, this developing sector in Takalar Regency is not included in this sector. However, the local government must further improve its performance in management sector which will later become a prospect for the region, and this sector has
very high growth. It can be accomplished using extensification, expansion, and innovations. However, if this developing sector is not managed correctly, the developing sector may decline to become an underdeveloped sector. Fourth, in terms of the underdeveloped sectors, the Government of Takalar Regency needs to try to increase the sector's contribution. Even though this sector is quite challenging to become regional competitiveness, the local government needs to minimize the number of these underdeveloped sectors and keep it from increasing again.

Conclusion

Based on the results of the analysis that has been described, some conclusions can be drawn. First, leading sectors are agriculture, forestry, fisheries, electricity and gas procurement, real estate, government administration, defense, and social security. The management strategies of these sectors are intensification, partnership, and improvement of human resources. This sector has the most dominant contribution to the economy. However, the developing sector does not exist. It is because the potential of local governments is low and the ability to manage revenues is also low. The potential sectors are mining and quarrying, water supply, waste management, waste and recycling, construction, provision of accommodation and food and drink, as well as information and communication, so the management strategies are education, innovation and partnerships. This sector provides a high contribution to the regional economy but its growth is slow and tends to decline. While the underdeveloped sectors consist of the manufacturing, wholesale and retail trade sectors; car and motorcycle repair, transportation and warehousing, financial and insurance services, corporate services, education services, health services and social activities, and other services. The management strategies of these sectors are extensification or expansion. This sector is a regional weakness indicated by slow growth and low contribution to GRDP.

Second, from the results of the Klassen typology analysis carried out, the Takalar Regency Government can take a management strategy to improve the performance of the Takalar Regency Government based on a priority scale directed at leading sectors without overriding and still paying attention to other sectors. As for the sectors that are not yet superior, growth should be spurred in the future to become a leading sector to strengthen the foundation for growth in the sector. The main economic development is in Takalar Regency, so that all economic sectors are at the level of advanced and developing sectors. This research is not yet comprehensive which still needs to be further developed in future research and provides recommendations and input, especially on the analysis of revenue potential management strategies taken by local governments in improving local government performance, namely by adding a SWOT analysis tool (Strengths, Weaknesses, Opportunities, Threats) to analyze strategies and policies so that it is useful to calculate the weight of each variable from each respondent and combine strengths, weaknesses, opportunities and threats to produce a strategic priority order.

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