

# **Analysis of the contribution of the trade sector in Hulu Sungai Tengah Regency (2019–2023)**

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## **Abstract**

This study aims to analyze the contribution of the trade sector in Hulu Sungai Tengah Regency from 2019 to 2023 and to identify appropriate strategies that the local government can implement to enhance its role in regional development. A descriptive approach is used in this research, which focuses on recording, describing, and interpreting actual conditions without manipulating variables. The study does not test hypotheses but rather illustrates the relationship between the trade sector's contribution and the poverty rate in the regency, as reflected in the statistical data collected and analyzed. The analysis employs Secondary Data Analysis (SDA), which utilizes existing data as the primary source of information. The findings reveal that the trade sector—particularly wholesale and retail trade—has shown stable and significant contributions to the Gross Regional Domestic Product (GRDP) of Hulu Sungai Tengah over the past five years. This indicates its central role in driving local economic activity, supporting consumption, facilitating goods circulation, and empowering MSMEs. Additionally, the accommodation and food services, transportation and warehousing, and manufacturing sectors also contribute to the local trade ecosystem. However, despite its high contribution, the trade sector has not yet effectively reduced poverty. Therefore, strategic interventions are needed, including infrastructure improvement, trade digitalization, MSME empowerment, and small business incentives, to enhance the sector's impact on inclusive economic growth and social welfare.

**Keywords:** contribution, trade sector, poverty reduction, MSME Empowerment

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## **1. Introduction**

Regional economic development is a crucial foundation for creating inclusive and sustainable growth. Dani Rodrik (2021) explains that exclusive economic growth actually exacerbates social inequality and fails to address the root causes of poverty. The importance of equity in the trade sector is also highlighted by Muro and Whiton (2022) through the concept of community-centered economic development. They emphasize that sustainable economic development must be community-based, where local businesses are given space, access, and supportive policies to grow and contribute significantly to collective well-being.

From a sociological perspective, the trade sector has not only economic but also social impacts. Interactions in markets, stalls, and shops provide a platform for social exchange, fostering solidarity, and creating local economic networks. However, without support from local governments in the form of facilities, training, or protection for small businesses, these spaces will continue to lag behind economic modernization.

In measuring the success of regional economic development, one indicator used is Gross Regional Domestic Product (GRDP), which reflects the contribution of various economic sectors to total regional income. Hulu Sungai Tengah Regency is one of the regions in South Kalimantan that has demonstrated a significant contribution from the trade sector to its GRDP structure over the past five years.

The trade sector plays a vital role in connecting production processes with public consumption. Through the buying and selling of goods and services, this sector not only drives the local economy but also creates numerous informal and formal jobs, strengthens MSMEs, and increases household incomes. In the context of Hulu Sungai Tengah, trade is a sector closely connected to the community, encompassing traditional markets, kiosks, grocery stores, and other commercial service businesses. However, despite its significant contribution to GRDP, social issues such as poverty remain a major challenge that has not been optimally addressed.

**Table 1. Poverty Rates by Regency/City in South Kalimantan Province in 2024**

Regency/City + Province	Total Poor Population (Persons)
South Kalimantan (Province)	183,307
Tanah Laut	13,404
Kotabaru	15,978
Banjar	14,461
Barito Kuala	14,044
Tapin	6,554
Hulu Sungai Selatan	8,144
Hulu Sungai Tengah	16,027
Hulu Sungai Utara	13,929
Tabalong	14,968
Tanah Bumbu	14,677
Balangan	6,680
Kota Banjarmasin	33,376
Kota Banjarbaru	11,065

Source: Central Bureau of Statistics (2024)

Based on 2024 data on the number of poor people in South Kalimantan Province, the total number of poor people in the province reached 183,307. Of all the regencies/cities, Hulu Sungai Tengah Regency has a relatively high poverty rate, at 16,027. This figure makes Hulu Sungai Tengah one of the regencies with the highest poverty rate in South Kalimantan, surpassing other regencies such as Tabalong, Kotabaru, and Banjar.

Compared to other regions, Hulu Sungai Tengah ranks above Hulu Sungai Utara, Banjar, and Tanah Bumbu, each of which has a poor population of under 15,000. In fact, the number of poor people in Hulu Sungai Tengah is even higher than in Banjarbaru City, with only 11,065 people, despite the city's relatively high population density and economic activity. This fact indicates that the poverty rate in Hulu Sungai Tengah remains a serious issue that requires greater attention from the regional and provincial governments.

This phenomenon can be explained by the latest theory from Acemoglu and Robinson (2023), which states that economic growth will only have a significant impact if accompanied by institutional reform and a fair distribution of economic benefits. In other words, growth in the trade sector will not necessarily automatically reduce poverty if it does not reach vulnerable groups.

In the context of Central Hulu Sungai, small business owners, such as market vendors or traditional stalls, often face limitations in capital, market access, and digital literacy. Meanwhile, economic growth may only be enjoyed by business owners with broader access to resources and infrastructure. This

inequality poses an obstacle to realizing empowering trade for all levels of society.

Government involvement is crucial in creating an inclusive trade ecosystem. Programs such as traditional market revitalization, micro-enterprise capital assistance, digital marketing training, and logistics subsidies can strengthen small business owners and reduce the economic burden on the poor. These steps not only increase income but also reduce inequality among business owners.

This research has several novelties that distinguish it from previous studies. Unlike the study conducted by Wibawanindah et al. (2024) which highlights the wholesale and retail trade sector in Mataram City using an Input-Output approach, and research by Loleng (2024) which places the trade sector solely as a potential sector in Bitung City, this study specifically examines the contribution of the trade sector in Hulu Sungai Tengah Regency using a Secondary Data Analysis (DAS) approach. Using DAS allows researchers to systematically utilize available macroeconomic data to analyze the dynamics of four main subsectors: wholesale and retail trade, accommodation and food and beverage services, transportation and warehousing, and the processing industry longitudinally from 2019 to 2023. This time span covers the pre-pandemic phase, the pandemic crisis, and the economic recovery period, providing a comprehensive picture of the resilience and contribution of these sectors to supporting the regional GRDP structure.

This research also fills a gap in the literature at the regional level, given that most previous research has focused on urban areas or large provinces. For example, research by Silalahi (2022) in North Minahasa and Syaputra (2020) in Batanghari Regency only highlighted leading sectors in general, while this study specifically maps strategic sectoral contributions to the regional economy in greater detail and sustainability. Thus, the main novelty of this research lies in its focus on specific and underexplored regions, the integration of sectoral analysis with a watershed approach, and the observation of economic contributions within the context of socio-economic changes resulting from the COVID-19 pandemic.

With poverty data continuing to be in the spotlight, comprehensive research is crucial to determine the extent to which the trade sector truly contributes to the well-being of the people of Central Hulu Sungai. This research focuses not only on GRDP figures but also examines the quality of economic growth and its impact on lower-income groups. The objectives of this study are: 1) to determine the contribution of the trade sector in Hulu Sungai Tengah Regency from 2019 to 2023, and 2) to determine what the local government should do to increase the contribution of the trade sector in Hulu Sungai Tengah Regency.

## **2. Research Design and Method**

### *Research type*

This research uses a quantitative descriptive method with a secondary data analysis approach. According to Sugiyono (2016), quantitative descriptive methods are used to systematically, factually, and accurately describe and analyze data regarding the facts and nature of the relationships between the phenomena being investigated. The secondary data approach was chosen because this research relies on official data from government agencies such as the Central Statistics Agency (BPS) of South Kalimantan Province regarding the number of poor people, as well as Gross Regional Domestic Product (GRDP) data by business sector, particularly the trade sector.

### *Research location, time, and subjects*

This research was conducted in Hulu Sungai Tengah Regency, an administrative region within South Kalimantan Province. The research was conducted from June to July 2025. The research subjects were Hulu Sungai Tengah Regency, with the primary focus being the analysis of the trade sector's contribution to the regional economy, particularly in relation to poverty levels, from 2019 to 2023. This

study utilized secondary data from the Central Statistics Agency (BPS) and other official publications containing information on GRDP development by industry and the number of poor people.

#### *Data collection techniques*

The data collection technique in this study utilized secondary data obtained from official institutions and authorized agencies, such as the Central Statistics Agency (BPS). The data used included information regarding the trade sector's contribution to Gross Regional Domestic Product (GRDP) and the number of poor people in Hulu Sungai Tengah Regency from 2019 to 2023. This data has been processed by BPS and related agencies, allowing it to serve as a basis for further analysis.

The secondary data was then presented, organized according to the study's objectives, and analyzed using quantitative descriptive methods. The analysis was conducted to observe trends in the trade sector's contribution to the regional economic structure and examine its relationship to poverty levels. With this approach, the study is expected to provide an objective and factual picture of the trade sector's effectiveness in supporting the welfare of the Hulu Sungai Tengah community.

#### *Data analysis techniques*

Secondary data analysis, often referred to as DAS, is a research methodology approach that uses readily available data as the primary source of information (Hinrichs et al., 2017). In the context of this research, the secondary data used came from the Central Statistics Agency (BPS) and related agencies, containing information on the contribution of the trade sector to Gross Regional Domestic Product (GRDP) and the number of poor people in Hulu Sungai Tengah Regency from 2019 to 2023. The data was analyzed using descriptive statistical techniques to obtain relevant and objective information.

In quantitative methods, data analysis results are generally presented in visual formats such as bar graphs, line graphs, pie charts, or frequency distribution tables to facilitate understanding of trends or patterns of relationships between variables (McNabb, 2017). In this research, data presentation was carried out with clarity and accuracy in mind, so that the interpretation provided can provide a comprehensive picture of the role of the trade sector in the regional economic structure and its relationship to poverty levels.

The approach used in this study is descriptive, aiming to record, describe, and interpret the actual conditions that are occurring, without manipulating the variables being studied. This study does not test hypotheses, but rather illustrates the relationship between the contribution of the trade sector and the poverty rate in Hulu Sungai Tengah Regency, as reflected in the collected and processed statistical data. As explained by Moen & Middelthon (2015), descriptive research aims to gain an understanding of the ongoing reality based on concrete and measurable data.

### **3. Results and Discussion**

#### *Contribution of the Trade Sector in Hulu Sungai Tengah Regency 2019–2023*

To analyze the contribution of the trade sector to the economy of Hulu Sungai Tengah Regency, it is necessary to select priority sectors that play a strategic role in the structure of the region's Gross Regional Domestic Product (GRDP). This selection aims to deepen our understanding of how certain sectors not only contribute to economic growth but also have the potential to significantly improve community welfare.

Of all the sectors, four main sectors were selected as the focus of this study because they are considered closely related to trade activities, community economic turnover, and the creation of added value in local economic activities. These four sectors include Wholesale and Retail Trade, Accommodation and Food and Beverage Provision, Transportation and Warehousing, and the Processing

Industry. These four sectors were selected based on the relevance of their contribution to GRDP, their relationship with MSMEs and the people's economy, and their potential to reduce poverty in Hulu Sungai Tengah Regency. The following is a more detailed description and rationale for selecting these four sectors:

First, wholesale and retail trade. The wholesale and retail trade sector was chosen because it is a major contributor to the Gross Regional Domestic Product (GRDP) of Hulu Sungai Tengah Regency. According to the Indonesian Ministry of Trade (Kemendag, 2023), trade is a key driver of the local economy because it is directly related to household consumption, the circulation of goods, and the empowerment of MSMEs. Therefore, this sector is highly relevant for analysis in measuring its contribution to community welfare.

Second, accommodation and food and beverage provision. The accommodation and food and beverage provision sector has a relatively small contribution, but has shown an increasing trend year after year, especially after the COVID-19 pandemic. This sector is crucial because it is dominated by micro-enterprises such as food stalls, local lodgings, and home-based catering businesses. According to a study by Bank Indonesia (2023), the culinary and accommodation sector is part of the creative economy that has recovered the fastest and is able to absorb a significant portion of the informal workforce.

Third, transportation and warehousing. Transportation and warehousing were chosen because they play a key role in supporting the regional trade and logistics sector. This sector is crucial for facilitating the distribution of goods and services, especially in areas lacking access to large-scale industries. According to the Indonesian Ministry of Transportation (2023), strengthening local transportation directly impacts trade efficiency, price affordability, and a smooth supply chain.

Four, processing industry. The processing industry was chosen because of its strategic role in the downstream processing of local products such as agricultural and fishery products. According to a report from the Indonesian Ministry of Industry (2023), the small and medium-scale processing industry (SMI) sector needs to be encouraged in non-industrial areas such as Hulu Sungai Tengah to strengthen the people's economy. By empowering processing MSMEs, regions can increase the competitiveness of local products and reduce dependence on raw materials.

**Table 2. Gross Regional Domestic Product of Hulu Sungai Tengah Regency at Current Market Prices by Industry Sector (%), 2019–2023**

Industry Sector	2019	2020	2021	2022	2023
Agriculture, Forestry, and Fisheries	24.69	24.17	23.30	21.85	20.87
Mining and Quarrying	0.04	0.04	0.04	0.04	0.04
Manufacturing Industry	3.38	3.30	3.17	3.01	2.83
Electricity and Gas Supply	0.15	0.16	0.16	0.17	0.17
Water Supply, Waste Management, Wastewater and Recycling	0.10	0.10	0.10	0.10	0.10
Construction	6.88	6.64	7.86	8.49	8.48
Wholesale and Retail Trade	17.99	18.44	18.52	18.20	18.24
Transportation and Warehousing	3.27	3.00	3.29	3.27	3.29
Accommodation and Food Service Activities	3.16	2.71	3.11	3.42	3.59
Information and Communication	4.16	4.83	5.06	5.02	5.11
Financial and Insurance Activities	4.73	4.74	4.87	5.20	5.28
Real Estate Activities	4.32	4.34	4.23	4.14	4.06
Business Services	0.31	0.31	0.32	0.31	0.31
Public Administration, Defense, and Compulsory Social Security	7.14	7.45	7.24	7.23	7.25
Education Services; Health and Social Work; Other Services	18.77	19.36	18.43	19.45	20.28
<b>Gross Regional Domestic Product (GRDP)</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Central Bureau of Statistics (2024)

Wholesale and retail trade

The wholesale and retail trade sector in Hulu Sungai Tengah Regency has demonstrated relatively stable and consistent performance over the past five years. Based on current price GRDP data released by the Central Statistics Agency (2024), this sector contributed 17.99 percent in 2019 and experienced a slight increase to 18.52 percent in 2021. Although it experienced a slight decline to 18.20 percent in 2022, its contribution rebounded to 18.24 percent in 2023. This stability indicates that the trade sector remains a leading sector in the economic structure of Hulu Sungai Tengah Regency.

Compared to other sectors, such as agriculture, which have experienced significant declines year after year, the trade sector has maintained its competitiveness, even amidst various challenges such as the COVID-19 pandemic and disruptions to goods distribution. This can be interpreted as an indication that the trade sector possesses high structural resilience and flexibility in responding to changes in the economy and consumer behavior. This sector plays a highly strategic role as it connects producers and consumers and opens up business opportunities at the local level, particularly for MSMEs and small-scale traders.

Furthermore, the stable contribution of the trade sector also indicates that demand for consumer goods remains maintained, driven by increasing community activity each year. Furthermore, the trade sector also serves as a gateway for other sectors to connect to the market, such as agriculture, manufacturing, and transportation. Therefore, this sector's role is not isolated but closely linked to the integration of regional supply chains. The success of the trade sector is also positively correlated with the creation of extensive informal employment, which indirectly helps reduce the rate of poverty growth.

This analysis aligns with the theory put forward by the World Bank (2022) in its Indonesia Economic Prospects report, which states that the trade sector is one of the main supporting sectors for post-pandemic economic recovery due to its easy access and multiplier effect on other sectors.

Furthermore, Acemoglu and Robinson (2023) emphasize the importance of equitable distribution of the benefits of growth, including in the trade sector. They stated that economic growth will only generate prosperity if small-scale actors are involved in the production and distribution of added value. Therefore, although data shows a strong contribution from the trade sector, further investigation is needed to determine whether this growth has been inclusive and directly impacted poverty reduction, particularly in Hulu Sungai Tengah, which has the highest poverty rate in South Kalimantan.

#### Accommodation and food and beverage services

The accommodation and food and beverage services sector in Hulu Sungai Tengah Regency has shown a positive growth trend over the past five years. Based on GDP data from the Central Statistics Agency (2024), this sector contributed 3.16 percent in 2019, decreased to 2.71 percent in 2020 due to the impact of the COVID-19 pandemic, but then consistently increased to 3.59 percent in 2023. This trend demonstrates a strong recovery and promising growth potential, especially after the sector experienced significant pressure during the pandemic.

The increased contribution of this sector can be attributed to increased public mobility, improvements in local tourism conditions, and the post-pandemic revival of culinary MSMEs and small lodging businesses. This sector is generally dominated by micro-enterprises such as food stalls, simple restaurants, local lodgings (homestays), and home-based catering businesses. Therefore, the growth of this sector has direct implications for the welfare of small businesses and households that depend on public consumption services for their livelihoods.

This sector's contribution not only contributes to the creation of added economic value but also

serves as a significant source of informal employment. Many accommodation and food businesses are family-run, indirectly alleviating pressure on unemployment and poverty rates.

Theoretically, Bank Indonesia (2023) in its South Kalimantan Regional Economic and Financial Study stated that the food and beverage sector is part of the creative economy sub-sector that is growing rapidly in the region post-pandemic. The growth of this sector contributes to the recovery of people's purchasing power and encourages local entrepreneurship, particularly among women and the productive age group.

Similarly, a report from the UNWTO (2023) or the United Nations World Tourism Organization states that the accommodation and food sector plays a crucial role in inclusive local economic development, as it can create a multiplier effect on other sectors such as agriculture, trade, and transportation. This is particularly relevant in the context of Central Hulu Sungai, which geographically possesses untapped natural and cultural tourism potential.

From a regional development perspective, Muro & Whiton (2022) emphasize that the growth of the service sector, including food and accommodation, can become a pillar of development if developed in a community-based manner and provided with access to technology and supporting infrastructure. This approach ensures that growth is not only statistical but also reaches the grassroots.

Therefore, the increasing contribution of the accommodation and food and beverage sector in Hulu Sungai Tengah Regency represents a significant opportunity to strengthen the local, people-centered economy.

#### Transportation and warehousing

The transportation and warehousing sector in Hulu Sungai Tengah Regency has shown a relatively stable contribution to the GRDP structure over the past five years. According to data from the Central Statistics Agency (2024), this sector contributed 3.27 percent in 2019, decreased to 3.00 percent in 2020 due to the impact of the COVID-19 pandemic, but rebounded to 3.29 percent in 2023. This stability reflects the critical role of the transportation and logistics sector as the backbone of economic distribution activities, particularly in supporting the movement of goods and services between regions within and outside the regency.

Transportation and warehousing are closely linked to the trade sector. Without an efficient transportation system and adequate logistics infrastructure, commercial activities will be hampered, distribution costs will increase, and goods prices will become uncompetitive. In areas like Hulu Sungai Tengah, which have limited access and are largely dominated by land routes, a stable transportation sector is a determining factor in ensuring the smooth supply of community needs and local products.

This sector also plays a crucial role in connecting production centers with markets. In the context of wholesale and retail trade, basic necessities, agricultural products, and even cottage industry products would not reach consumers without coordinated transportation support. This demonstrates that, despite its relatively small contribution to GRDP, the transportation and warehousing sector has a multiplier effect on the regional economy as a whole.

In addition to supporting other economic sectors, the transportation sector also creates a significant amount of informal and formal employment, including drivers, motorcycle taxi drivers, local shipping companies, stevedores, and logistics agents. In areas with high poverty rates, such as Central Hulu Sungai, this sector provides an alternative source of income, especially for those with low education and minimal technical skills.

According to the Asian Development Bank (ADB, 2023) report, "Unlocking Transport for Inclusive Growth in Asia," the transportation sector is key to expanding market access for the poor

and small businesses in disadvantaged areas. Planned and equitable transportation development is considered capable of creating economic inclusiveness and reducing disparities between regions.

According to Muro & Whiton (2022), they emphasize that the logistics and transportation sector needs to be developed in a community-based manner with a decentralized approach. They recommend that transportation infrastructure not only be concentrated in large cities but also reach rural areas to connect local communities with broader markets and economic opportunities.

Thus, although the contribution of the transportation and warehousing sector in Hulu Sungai Tengah may seem small in terms of numbers, its role is highly strategic in supporting trade stability and the distribution of the community's economy. The local government needs to prioritize this sector for development through road infrastructure improvements, warehouse facility optimization, and MSME-based digital logistics transformation.

#### Manufacturing industry

The manufacturing industry sector in Hulu Sungai Tengah Regency has shown a downward trend in its contribution over the past five years. According to data from the Central Statistics Agency (2024), this sector's contribution was recorded at 3.38 percent in 2019, then declined further to 3.30 percent in 2020, and further declined to 2.83 percent in 2023. This decline indicates that the manufacturing industry sector is experiencing a weakening driving force for local economic growth, both in terms of productivity and its contribution to the GRDP structure.

This declining contribution can be interpreted as an indicator that downstream local product processing activities in Hulu Sungai Tengah have not developed optimally. This region possesses significant natural resource potential, particularly in the agricultural sector. Unfortunately, most primary production is not processed into value-added products but is instead sold directly in its raw form, thus under-optimally generating potential for regional and community income.

The manufacturing industry sector, if managed properly, can be a key driver of increased economic value-added, job creation, and strengthening household economic resilience. Small-scale industries such as agricultural processing (packaged rice, palm sugar, cassava chips), fish processing, or craft products can provide opportunities for MSMEs to develop. However, the low contribution of this sector indicates that support for small and medium-scale industries (SMEs) remains very limited.

According to the World Bank (2022) in its Indonesia Manufacturing Report, regions with strong manufacturing sectors tend to have greater economic resilience and lower poverty rates. This is because this sector can absorb a large workforce, increase productivity, and create a multiplier effect on other sectors, including agriculture, trade, and transportation.

Similarly, the OECD (2023) in its publication "SMEs and Industrial Development in Southeast Asia" stated that strengthening the MSME-based manufacturing industry is a crucial pillar in creating inclusive growth, especially in underdeveloped regions lacking a large industrial base. A collaborative approach between local governments, businesses, and financial institutions is key to building a healthy and sustainable industrial ecosystem.

In the context of Hulu Sungai Tengah Regency, strengthening the manufacturing sector is highly relevant, not only to boost its contribution to GRDP but also as a strategy to address persistently high levels of poverty. By developing locally-based manufacturing industries, communities become not only producers of raw materials but also processors and marketers of higher-value finished products.

Therefore, regional policies are needed that focus on revitalizing small and medium-sized industries, including the development of community industrial areas, technical production training, strengthening production cooperatives, and integrating supply chains across sectors. This sector should be a priority in Hulu Sungai Tengah Regency's medium-term economic development strategy.

### ***What the Regional Government Should Do to Increase the Contribution of the Trade Sector in Hulu Sungai Tengah Regency***

To increase the contribution of the trade sector in Hulu Sungai Tengah Regency, the regional government needs to take strategic and targeted steps that are not only sector-specific but also cross-sectoral and based on community empowerment. Although the trade sector's contribution to GRDP during the 2019–2023 period has been relatively high and stable—around 18 percent—structural challenges remain that hinder the optimization of its benefits for community welfare. A strong trade sector, numerically, does not necessarily have an inclusive impact if it is not accompanied by policies that support access and participation for small communities, MSMEs, and informal businesses.

The first step the regional government needs to take is to improve the quality of physical and logistical infrastructure, particularly connecting roads between sub-districts, village markets, and storage facilities (warehouses). Smooth distribution of goods will create efficiency in the supply chain, reduce logistics costs, and increase the price competitiveness of local products in the market. Furthermore, revitalizing traditional markets is also crucial to compete with modern shopping centers and provide comfortable, hygienic, and productive trading spaces for the community. In addition to physical infrastructure, the government also needs to develop a digital trade ecosystem through digital literacy training for MSMEs, facilitating the use of local e-commerce platforms, and collaborating with digital financial service providers to simplify transactions. Trade digitization will open broader market access, connect local products with consumers outside the region, and increase efficiency in promotion and marketing. This aligns with the OECD (2023) view that digital transformation is key to the growth of MSMEs in rural trade.

Furthermore, strengthening the institutional capacity of local businesses should also be a priority. Local governments can partner with cooperatives, trading communities, and microfinance institutions to provide training in business management, inventory management, financial record-keeping, and pricing strategies. This empowerment is crucial for local businesses to grow sustainably and independently. In the long term, they will not only be sellers but also be able to innovate in creating value-added trade products.

Equally important, regional trade policies need to be formulated based on local data and context to truly address community needs. Local governments must routinely map the trade potential of each sub-district, including the types of leading commodities, transaction volumes, and obstacles faced by businesses in the field. With this mapping, budget allocation and empowerment programs will be more targeted and have a real impact on increasing the trade sector's contribution to the regional economy.

As a form of support for the poor and small businesses, the regional government also needs to provide special incentives, such as kiosk rental subsidies, tax breaks for small traders, business capital assistance programs, and ease of licensing. These incentives will encourage more people to participate in trade activities and reduce barriers to entry into the sector. This aligns with the view of Acemoglu and Robinson (2023) that economic growth will only be inclusive if market structures provide equal access for all parties, especially marginalized groups.

By consistently implementing these measures, the Hulu Sungai Tengah regional government can not only increase the trade sector's contribution to the GRDP structure but also make this sector an effective instrument for reducing poverty, expanding employment, and strengthening sustainable local economic resilience.

## **4. Conclusions**

The trade sector—particularly Wholesale and Retail Trade—has maintained a stable and significant contribution to the Gross Regional Domestic Product (GRDP) structure of Hulu Sungai Tengah Regency over the past five years. This indicates that the sector serves as one of the region's economic pillars, playing a crucial role in supporting household consumption, driving the circulation of goods, and empowering micro, small, and medium enterprises (MSMEs). Additionally, the sectors of Accommodation and Food and Beverage Services, Transportation and Warehousing, and Manufacturing also contribute in an interconnected manner, supporting the overall local trade ecosystem. These four sectors represent key components of a people-based trading chain and the creation of local economic added value.

Although the trade sector shows relatively high contribution levels, challenges remain in utilizing it as an effective tool for equitable welfare distribution and poverty reduction. Hulu Sungai Tengah Regency still records a relatively high poverty rate compared to other regencies/cities in South Kalimantan. Therefore, strategic interventions are needed from the local government, including strengthening distribution infrastructure, promoting trade digitalization, empowering MSMEs in the processing sector, and providing incentives for small business actors. Through an inclusive and locally data-driven approach, the trade sector can be optimized not only to support economic growth but also to serve as an instrument for reducing social inequality and improving overall community welfare.

To further increase the contribution of the trade sector, the local government is advised to develop more inclusive trade policies that are grounded in local potential. Regular mapping of leading commodities in each district should be conducted, along with the provision of equitable distribution infrastructure, market facilities, and logistics, particularly in remote areas. This ensures that trade activities are not concentrated solely in urban centers, but are also accessible and beneficial to rural communities.

The government should also enhance the capacity of MSMEs through business management training, digital literacy programs, access to financing, and technology-based marketing facilitation. Digitalization of trade and marketing systems, such as the use of local e-commerce or online selling platforms, can help expand market reach and improve the competitiveness of local products.

From the perspective of related sectors—such as manufacturing, transportation, and accommodation and food services—integrated strategies are required to ensure the efficiency of the entire supply chain. For instance, the development of community-based industrial zones or small-scale production houses could serve as solutions to increase product value and generate new employment opportunities. The logistics and warehousing sector must also be strengthened through the development of storage facilities at strategic locations.

Lastly, the local government is encouraged to build cross-sectoral partnerships and collaborations with stakeholders—such as private entities, cooperatives, universities, and financial institutions—to create a healthy and sustainable trade ecosystem. With a collaborative approach and a focus on community empowerment, the trade sector can become a major driver of regional economic recovery as well as an effective tool for poverty alleviation in Hulu Sungai Tengah Regency.

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