

ABSTRACT

Current economic of Central Java was dominated by the manufacture sector. Meanwhile, the agricultural sector was strategic sector in Central Java had decline contributed to economic from year to year. In order to increase the added value of agriculture, agroindustry as a subsystem of agribusiness have the potential to be used as one of the alternative development policy in Central Java.

The aims of this research are to analyze the contribution of the agroindustry sector in the economy, analyze the agroindustry sector linkages to other sectors in the economy, analyze power distribution and the degree of sensitivity of the agroindustry sector, analyze multiplier of agroindustry sector, and analyze the impact of government expenditure in the agroindustry sector to the economy of Central Java. This research used input-output analysis. This research used input-output table of Central Java in 2013 based on domestic transactions, basis of producer prices by the classification of 88 sectors and 19 sectors were aggregated into 10 sectors. The simulation of the impact of government expenditure that occurred in the agroindustry sector by multiplication operations between the government budget in the agroindustry sector with a multiplier value to see which sectors had the greatest impact.

The results showed that the agroindustry sector had greater backward linkages than forward linkages, develop the agroindustry sector can stimulate the growth of other sectors that provide inputs for agroindustry sector. Analysis of the power distribution and the degree of sensitivity showed that the agroindustry sector has more influence to encourage the growth of upstream sector than downstream sector. The impact of government expenditure in the agroindustry sector shows that the government expenditure in this sector will be a positive effect towards the formation of the output, income formation and job creation in the province of Central Java.

Keywords: Agroindustry, Input-Output, Central Java, Linkage, Power Distribution, Degree of Sensitivity, Multiplier Effect, Government Expenditure.