



Analysis of Economic Potential as a Basis for Determining The Development of The City of Kediri Post Covid-19 Pandemic and Its Implications for The Sharia Economy

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ABSTRACT

The aims of this research to analyze what economic sectors are potential and superior in Kediri City after the Covid-19 pandemic and its implications for the Sharia Economy. This research uses a quantitative descriptive approach. The data used in this research is primary data, namely data from interviews with BAPPEDA and the City Economic Section, representatives of entrepreneurs representing types of business fields, BAZNAS and the Amil Zakat Institution (LAZ). The results of this research show that 1 sector is classified as advanced and growing fast, 7 sectors are classified as fast growing, 8 sectors are advanced but under pressure and 2 sectors tend to be lagging behind. There are 7 sectors classified as superior, while the others are classified as not superior. The implication for Sharia Economics is that with a joint commitment to expand financial inclusion in the MSME sector, Islamic financial institutions play a real role in developing MSMEs. Advanced MSMEs will of course lead to the presence of social funds that are typical of the sharia economic system, namely zakat, infaq and shadaqah. Where the management of social funds is carried out by BAZNAS and LAZ and distributed to poor and underprivileged communities.

Keywords: economy potential, development, city, implications, sharia economics, covid-19

INTRODUCTION

Development in the economic field is one of a series of policies determined by a region in an effort to support increasing the level of the people's economy, expanding the world of work, increasing people's income and efforts to equalize it. At this stage of building the economy, of course, it requires coordination of the economic potential of a region and there is certainty that it can become the main driver of regional income¹. For this reason, the step that must be taken is to optimize at the most prospective economic point. The value of the Gross Regional Domestic Product (GRDP) obtained every year is of course

¹ Steven Brakman, Harry Garretsen, Charles Van Marrewijk, *Regional Resilience Across Europe: On Urbanisation On The Initial Of The Great Recession*, Vol 8, Journal Regions Economy And Science, 2015, 225-240

used as an indicator of the realization of increase in the regional economy . GRDP can be said to be the addition of the total gross value of goods and services received by a region in a country. This was realized due to the impact of various economic activities at a certain period of time.

Sharia economics is an economic system that moves a lot in the real sector, through various financing using the sharia system considered friendlier than the large interest charges. Since the pandemic eroding and resulting in a decline in economic activity, including in MSME sector. Sharia Economic Institutions have a role in this restore the economic activities of SMEs that may not be affordable by banks that only provide loans to large companies.

Kediri City economic development certainly cannot be separated from the economic conditions of the area. Government authorities as regulators play a vital role in the implementation of development in the City of Kediri, even as the driving force. If the economic conditions in this area experience improvement, of course, this will also be accompanied by success in the process of economic development. The results of development if it has been going well will certainly contribute to the welfare of the community. But in the last 2 years, in 2020-2021 to be precise, the Pandemic that occurred in Indonesia, has had a significant influence on the sustainability of the world, national economy and especially in the City of Kediri.

Table .1 Distribution of the Percentage of Gross Regional Domestic Product of the City of Kediri at Current Prices by Business Field (percent), 2017-2021

<i>Category</i>	<i>Industry</i>	2017	2018	2019	2020*	2021**
(1)	(2)	(3)	(4)	(5)	(6)	(7)
A	<i>Agriculture, Forestry & Fishery</i>	0,26	0,24	0,22	0,24	0,24
B	<i>Mining & Quarrying</i>	0,00	0,00	0,00	0,00	0,00
C	<i>Manufacturing</i>	81,28	81,53	82,04	82,13	81,88
D	<i>Electricity & Gas</i>	0,01	0,01	0,01	0,01	0,01
E	<i>Water supply, Sewerage, Waste Management & Remediation Activities</i>	0,02	0,02	0,02	0,02	0,02
F	<i>Construction</i>	1,86	1,77	1,67	1,64	1,62
G	<i>Wholesale & Retail Trade; Repair of Motor Vehicles & Motorcycles</i>	9,51	9,54	9,31	8,67	9,11

H	<i>Transportation & Storage</i>	0,43	0,43	0,42	0,45	0,44
I	<i>Accommodation & food Service Activities</i>	1,59	1,55	1,55	1,48	1,48
J	<i>Information & Communication</i>	1,89	1,78	1,67	2,08	2,07
K	<i>Financial & Insurance Activities</i>	0,95	0,94	0,92	0,97	0,94
L	<i>Real Estate Activities</i>	0,41	0,40	0,39	0,42	0,40
M,N	<i>Business Activities</i>	0,21	0,21	0,20	0,20	0,19
O	<i>Public Administration & Defence; Compulsory Social Security</i>	0,35	0,35	0,36	0,39	0,37
P	<i>Education</i>	0,76	0,75	0,74	0,82	0,76
Q	<i>Human Health and Social Work Activities</i>	0,17	0,17	0,17	0,20	0,19
R,S,T,U	<i>Other Service Activities</i>	0,33	0,32	0,31	0,29	0,28
Gross Regional Domestic Product		100,00	100,00	100,00	100,00	100,00

Researchers are interested in researching the economy of Kediri City because in 2021, the Covid-19 pandemic is still ongoing, there are even new Covid-19 variants, namely Delta and Omnicorn. Policies given by the government include the PSBB in order to reduce the spread of Covid-19 which is still being carried out. But the fact is that the Kediri City Economy in 2021 will experience a growth of 2.50%. Based on table 1, growth in GRDP occurred in the majority of several business fields, but in certain business fields it decreased, including Education Services -1.31% and Mining and Quarrying -1.06%.

Meanwhile, the business sectors that have continued to grow significantly are Wholesale-Retail Trade; Repairs, Cars and Motorcycles 9.81%. For Transportation, Warehousing and Water Supply 6.21%; Garbage, Waste and Recycling Management 6.07%. Business fields that experienced growth of approximately 5% were Information and Communication 5.75% and Health Services and Social Activities experienced an increase in growth of 5.53%. The business field experienced a contraction so that it experienced a decline, generally due to the impact of Covid 19.

The local government must respond swiftly and vigorously to the economic downturn in a number of business fields, and then determine a focused policy. This is due to the link between the decline in the economy followed by a decline in welfare in society. For this reason, the government must be sensitive to which sectors are able to survive and can even grow when a disaster comes, as

well as during a pandemic. This is because the resilience of a sector will also have a growth impact on the economy of the region which can support investment and development at the same time. The goal is to increase the number of jobs and create equity in people's income, so that in the end they can prosper people's lives after the Covid-19 pandemic outbreak².

Development that prioritizes the prospects that exist in the region especially by developing local wisdom is very important to do. This relates to the identification of sources of Regional Original Revenue, so that many regional potentials can be optimized. For this reason, the role of the Regional Government through targeted and comprehensive policies is very important. The agricultural sector is the mainstay of the regional economy, but whether it will continue in the next period cannot be known or even confirmed whether the agricultural sector remains the leading potential of the area³. In Bojonegoro Regency the value of production in the industrial sector in processing always increases every year so that this sector has potential for the economy in Bojonegoro Regency⁴. However, for 2017 it is not yet known whether it will still occupy a prospective sector in this area. local government management factors in managing the leading sector of a region cause a shift in the leading sector of an area⁵. Sector shifts that were originally favored. This is evidenced by a condition where the growth of the economic sector continuously tends to decline. Although this sector still has a sizeable contribution to GRDP⁶. States that the economic sector that has potential and is classified as superior in Kediri Regency, namely information and communication. For this reason, this sector must always be maintained at its stability, in order to have high competitiveness.

LITERATURE REVIEW

Economic Development

States that the implementation of economic development must be carried out in stages. Where in each stage it contains elements of planning, implementation, control and evaluation in the economic sector⁷. Even obstacles

² Barro R.J, Ursva J T & Weng J. *The Coronavarius And Great Influenza Epidemic- Lessons From The Spanish Flu For The Coronavirus's Potential Effects On Mortality and economic activity*. CESIO, 2020, Group Munich

³ Syahrani, *Analisis Peranan Sektor Pertanian Dalam Perekonomian Kabupaten Sorolangun*, Vol 5, No. 1. *Jurnal Perspektif Ekonomi dan Pembangunan Daerah*, 2016

⁴ Endang Siswati dan Diah Tri Herawati, *Analisis Indeks Pembangunan Manusia (IPM) Kabupaten Bojonegoro*, Vol 18, No, 2, *Jurnal Sosio Agrobis*, 2018.

⁵ Nachani, Griinj N, A .M Swaminathan, *Information Technologi Exports And Regional Development In The Leading State*, Issue 24, number 1, *Asia Pasifik Development Journal*, 2017, 83-116

⁶ Kukuh Harianto , *Analisis Potensi ekonomi Dalam Menetapkan Rencana Pembangunan Kabupaten Kediri Di Tengah Pandemi Covid 19*, Vol 6, no 3, *Jurnal Akuntansi dan Ekonomi*, 2021

⁷ Siti Rana Hasibuan, Isnaini Harahap, Kharisma Tambunan, *Pengaruh Pertumbuhan Ekonomi, Pendidikan dan Kesehatan Terhadap I ndeks Pembangunan Manusia*, Vol 3, No 2, *Jurnal Manajemen dan Akuntansi*.2023.

that arise or have the potential to arise in economic development must be taken into account. Of course, all these steps depend on the policies drawn up by the government. Indicators of successful economic development can be seen in the acceleration of a country's economic growth. The main factors of concern in economic development include sustainable changes in the development process. In principle, there has been an acceleration in the development of the economic sector which is the goal of development in the economic sector. The indicator of this acceleration is the realization of an increase in per capita income and also an increase in per capita income that is sustainable in the long term.

Economic development is the process of increasing economic growth. In this activity, the uniqueness of the potential of the economic sector in a particular area will lead to changes in the structure and style of economic activity in a region. In the end it can be said that economic development has a role, namely to increase national income in real terms and modernize the transaction process by utilizing technology⁸. State that there are factors that influence the continuity of economic development, namely that development is carried out in stages and at each stage there are targets to be achieved, there are efforts to increase people's per capita income, per capita income has increased over a long period of time and there have been improvements in the organizational structure in the ideological, social, political, legal, cultural and defense fields⁹.

Economic growth

States that national income is revenue sourced from factors of production in the form of goods and or services at a certain time¹⁰. Furthermore, that national level income is income originating from a country in the form of goods or services for one year¹¹. National income can be used as an indicator of economic activity that has been achieved in a certain year. Furthermore, Gross National Product (PN B) is a formulation of how to calculate income on a national scale, and Gross Domestic Product (GDP) is an indicator of national scale income sourced from a region/region.

GRDP is the sum of the goods and services of each economic unit in a region. GRDP can be calculated with an approach to production, income and expenses. Of course, the recognition of this approach must be adjusted to the data available in each region . States that Gross Regional Domestic Product is the sum of all goods and services that have been produced by residents in regions,

⁸ Sukirno, Makro Ekonomi Teori Pengantar, PT. Rajawali Press, 2016

⁹ Tian, Zheng. *Measuring Agglomeration Using The Standardized Location Quotient With A Bootstrap Method*, Issue 43, Number 2, The Journal Of Regional Analysis And polici, 2013, 186-197

¹⁰ Nachani, Griinj V. A.M. Swaminathan, *Information Teknologi Exports And Regional Development In The Leading State A. Shift – Shave Analysis Of india*, Issue 24, Number 1, Asia Pasifik Development journal, 2017, 83-116.

¹¹ Suparmono, *Penentuan Perkembangan Spasial Berdasarkan Karakteristik Atribut Lokasi Dengan Menggunakan BIPLLOT*, Vol 21, No, 1, Jurnal wahana, 2018.

provinces, districts/cities. The economy can be said to be experiencing growth if the economic activity is the benchmark for its ability to provide results in the form of goods and services whose value is greater than the previous price. Indicators of economic performance in the regions include income from the regional tax sector, growth in economic activity, the amount of GRDP, reduction in the number of poverty, productive workers who get jobs and index numbers on the development of complete human beings¹².

State that GDP is the achievement of a country in producing goods and services in a certain period of time by adding up the income of Indonesian citizens and foreigners who earn from that country¹³. The ability of a country to make development plans for certain areas can of course be proven by the large contribution of various sectors in forming GRDP. The development of GRDP which is getting better can certainly be used as a reflection of the government's ability to formulate policies in the economic sector¹⁴.

Potential Economic Sector

Stated that a positive measure of growth in the economic sector can be seen from the availability of superior products¹⁵. This product is a potential of the development of a certain area. The rationale is that superior products can certainly provide a real benefit in increasing income from factors of production as well as income originating from the regions and manufacturing production from the regions which have an impact on the demand for local industrial products. In the end, this condition boosts the growth of local products continuously.

An economy that is at the growth stage also includes the development of the physical economy, namely the addition of production of goods and services, there is development of infrastructure where the size can be seen from the real national income of a country. The economic growth of certain regions can be measured by indicators including: natural resource wealth, capital, population and productive labor and technology utilization.

The reason for the need for immediate information on basic sector indicators is to ensure that in what sectors are superior and have good prospects/potential to become the pillars of the economy. Based on the

¹² Nurul Imamah, *Dampak Belanja Daerah Terhadap Pertumbuhan Ekonomi: Pendekatan Persamaan Simultan*, Vol 3, No 2, Jurnal Akuntansi dan Ekonomi, 2018

¹³ Amaliya Nur Rohmah, Sugeng Widodo, *Peranan Sektor Industri Pengolahan Dalam Perekonomian di Indonesia Dengan Pendekatan Input-Output*, Vol 1, No 1, Jurnal Ilmu Ekonomi "Economic", 2019.

¹⁴ Ufira Isbah, Rita Yani Iyan, *Analisis Peran Sektor Pertanian Dalam Perekonomian dan Kesempatan Kerja di Provinsi Riau*, Vol 7, No 19, Jurnal Sosio Ekonomi Pembangunan, 2016.

¹⁵ Angelina Delviana Klau, Ulul Hidayah, *Analisis Potensi Ekonomi Untuk Meningkatkan Daya saing di Kawasan Perbatasan Nusa Tenggara Timur*, Vol 3, No 3 Jurnal Ekonomi dan Pembangunan, 2021

identification/analysis on the basis of economic sectors, in certain regions it is possible to utilize the sector in the economy more prospectively. Because in principle a development is carried out with the aim of realizing sustainable economic growth¹⁶.

In essence, the economic potential of a region can be developed if development activities are focused and directed towards realization. For this reason, it is necessary to know information about the potential potential of the area¹⁷. If the economic potential of an area can increase, of course, export activities can be carried out, so that PAD also increases. If this is done continuously, the area will certainly experience prosperity, so that the welfare and standard of living of the community will also increase.

SHARIA ECONOMICS

Sharia economics is a branch of science knowledge that discusses efforts that can help realizing prosperity by allocating and distributing Limited resources are in line with Sharia without limiting individual freedom, giving rise to the impact of macro disharmony economic and ecological, as well as weakening family and social solidarity as well as public morals. The balance of fundamental principles in sharia economics, which includes monotheism, caliphate and justice the main basis. Thus, the objectives of sharia economics include: Can achieve economic prosperity in context Islamic norms; Realizing a solid social order in society based on justice and brotherhood universal; Realizing the distribution of income and wealth is fair and equitable and Realizing personal freedom in the context of balance social welfare

RESEARCH METHODS

In this study using a quantitative-descriptive approach. The data used in this study is primary data, namely data from interviews with BAPPEDA and the City Economy Section, representatives of entrepreneurs who represent types of business fields. In addition, secondary data is also data related to the GRDP of the City of Kediri which is obtained by documenting, analyzing and summarizing documents related to the GRDP data for the City of Kediri. The data used in this study is data relating to the Gross Domestic Product (GRDP) of Kediri City in 2017–2021.

The analysis tool used is Klassen Typology. This analysis tool is used in order to get an overview related to mapping from the results of research on each sector in the City of Kediri. With this analysis, four characteristics will be

¹⁶ Ahmad Afan Ayubi, *Analisis Potensi Ekonomi Kabupaten Banyuwangi*, Vol 12, No 1, Jurnal Ekonomi Pembangunan, 2014.

¹⁷ Vivi Erlinda Thio Putri, Made Kembar Sri Budhi, *Analisis Keberadaan Sektor Ekonomi Kabupaten Kota Di Propinsi Bali*, Vol 9, No 8, E-Jurnal EP Unud, 2018.

obtained that show economic patterns and structures as well as varying economic contributions, namely: fast-developing and fast-growing areas (high growth and high income), areas that are developed but depressed (high income but low growth), areas with fast growth (high growth but income), and areas that are relatively underdeveloped (low growth and low income)

Table 2. Klassen Typology Classification

GRDP Contribution (y)	$y_i > y$	$y_i < y$
Growth rate GRDP (r)		
$r_i > r$	Advanced and fast-growing sector	Developing sector fast
$r_i < r$	Advanced but depressed sector	Relatively underdeveloped sector

Information:

y_i = Average GRDP contribution of sector i in Kediri City

y = Average GRDP contribution in East Java Province

r_i = GRDP growth rate of sector i in Kediri City

r = Average GRDP growth rate in East Java Province

With the Klassen Typology classification:

1. If $y_i > y$ and $r_i > r$ then it is classified as a developed and fast growing sector
2. If $y_i < y$ and $r_i > r$ then it is classified as a fast developing sector
3. If $y_i > y$ and $r_i < r$, then it is classified as a developed but depressed sector
4. If $y_i < y$ and $r_i < r$, then it is classified as a relatively lagging sector

This Location Quotient (LQ) analysis is useful in determining which sub-sectors are superior or the economy based on an economy in a region. Furthermore, leading sub-sectors with developments in good conditions which of course can finally realize an increase in the income of a region optimally¹⁸. Location Quotient (LQ) analysis in this study with the following model:

$$LQ = X_r / RV_r$$

$$\frac{X_n}{RV_n}$$

Where :

¹⁸ Rizka Jafar, Wayrohi Meilvidri, *Analisa Location (LQ), Dynamic Location Quotients (DLQ), dan Klasifikasi Carvalho Dalam Menentukan Potensi Ekonomi Kabupaten Takalar*, Vol 2, No 3, Journal Of Regional Economics, 2021.

LQ = Location Quotient Index / Regional species index
 X_r = GRDP of sector i in the City of Kediri
 RV_r = Total GRDP of Kediri City
 X_n = GRDP of sector i in East Java Province
 RV_n = Total GRDP of East Java Province.

The results of the LQ calculation produce three criteria, namely:

- a. $LQ < 1$: Classified as non-base, but production cannot meet its own needs, so supplies from abroad or imports are needed.
- b. $LQ = 1$: Classified as non-base, and does not have a comparative advantage, its production conditions are only sufficient to meet the needs of its own region and are also unable to export.
- c. $LQ > 1$: Classified as a base or source of growth and comparative production. In addition, the results are not only able to meet the needs of their own region but can also be exported outside the region.

RESULTS AND DISCUSSION

Economic Structure Analysis

Economic development in an area is a process in which there is collaboration between local government and existing components in society to manage resources through the form of a partnership pattern to create a job field in order to develop an economic activity¹⁹. According to) that regional mapping is an important step that must be carried out, this becomes a basis for development planning carried out in an area in order to be able to find out the various characteristics that exist in a particular area.

States that a leading area is an area that has been determined as the main driving force in a regional economy, which already has criteria as an area that has conditions of fast growth compared to other regions in a province or city/district. This can happen because the region has a leading sector and at the same time also has economic linkages with the surrounding area. The existence of differences in an area means that it shows differences in natural resources and human resources which also have limitations as well as obstacles from the government. This is the result of access to a very different environment. For this reason, the government must always explore the existing economic potential in order to achieve the goals of regional development as expected and targeted, namely the creation of community welfare and the creation of an increase in the regional economy.

All efforts and policies in order to improve the level of community and regional prosperity by always realizing economic relations and the distribution of economic activity in the primary sector into the secondary and tertiary sectors are part of the goal, namely economic growth. The real form of government

¹⁹ Blakely Edward J, *Planning Local Economic Development*, Edisi3, India Sage, 2022

efforts to improve the economy in an area will always be carried out through sustainable development in many sectors so that in the end it can trigger and spur high growth²⁰.

The Klassen typology analysis technique is used to determine the characteristics of a pattern and structure of economic growth in each region by dividing the area based on indicators of the rate of economic growth and GRDP per capita. This technique is used to analyze the economic structure of the City of Kediri. The Klassen typology divides the region into four, namely quadrant I is in the advanced and fast-growing sector, quadrant II is the sector that is developing rapidly, quadrant III is the advanced but depressed sector and quadrant IV is the development of the sector with relatively lagging conditions.

Table 3. Calculations according to the Klassen Typology

	$y_i > Y$	$y_i < Y$
$r_i > r$	Processing industry	Electricity and gas supply, Water supply, waste treatment, waste and recycling, Construction, Company Services, Government Administration, Defense and Compulsory Social Security, Education Services, Health Services and Social Activities
$r_i < r$	Agriculture, forestry and fishing Wholesale and retail trade, repair of cars and motorcycles Provision of accommodation and meals Information and communication Transportation and warehousing Financial and insurance services Other Services	Mining and excavation Real estate

Based on the results of the classification with the Klassen Typology, sectors that belong to quadrant I are sectors with advanced conditions and fast growth, namely the manufacturing industry. This means that in quadrant 1 this sector already has a high average growth and at the same time a large GRDP contribution than the average GRDP growth and contribution in East Java Province. This can be seen in the manufacturing industry, which has a large sector distribution in Kediri City, which is 2.94% in 2022. Then in Quadrant II, namely sectors with fast development or it can be said to be potential sectors, namely electricity and gas procurement; water supply, waste management, waste and recycling; construction; company services; government

²⁰ Ahmad Sholeh, *Analisis Pertumbuhan Ekonomi Indonesia: Model Pertumbuhan Edogenius*, Vol 4, No 2, Journal Development, 2016

administration, defense, and compulsory social security; education services and health services and social activities. This condition indicates that this sector has had greater growth than East Java's GRDP growth but, in fact, has made a small contribution to East Java Province.

Quadrant III, namely sectors with conditions in the area that have progressed but are depressed, namely agriculture, forestry and fisheries; wholesale and retail trade, repair of cars and motorcycles; provision of accommodation and food and drink; information and communication; transportation and warehousing; financial and insurance services; and other services. It can be seen that the rate of growth in these sectors tends to be smaller than growth at the provincial level but also has a larger contribution. Furthermore, for quadrant IV is a classification with sectors that tend to be left behind, namely mining and quarrying and real estate, namely the growth conditions and contribution to the sector are lower than the level of East Java Province, because it is in Kediri City. This happens because in the City of Kediri there is no mining or quarrying land.

Basis and Non-Basic in Leading Sectors.

The Location Quotient (LQ) analysis technique is an analysis technique used to determine the potential for specialization in order to be able to understand the sectors of the GRDP of each sector that are prioritized and become drivers of growth²¹. For this reason, the LQ value is usually used to determine the base sector, which can be said to be a superior sector and will spur growth or development in other sectors. The LQ approach is an analytical technique whose purpose is to determine the potential for specialization to understand the activity sector of the GRDP of each leading sector which is a growth driver. States that commodities that have a profit ratio show that these commodities are superior sectors that have natural resource dominance, where other regions cannot produce them.²²

Table 4. Results of LQ Analysis of Leading Sector GRDP of Kediri City and East Province According to Business Field

No.	Business field	LQ
1	Agriculture, Forestry and Fisheries	1.17
2	Mining and Quarrying	0.94
3	Processing Industry	1.15
5	Procurement of electricity and gas	0.87

²¹ Ciptawaty, Ukhti, Aida, Neli, Dhea Pratama, Ahmad, *The Analysis Of Economic Potential And Base Sector Of Seven Provinsi In Sumatra*, Vol 8, No 1, Journal Of Indonesia applied Economics, 2020, 8-12

²² Dwi Putra Naufal, Sumiyati, *Potensi Ekonomi Maju dan Cepat Tumbuhdi Provinsi Jawa Barat*, Vol1, No 1, Jurnal Ekonomi:KIAT, 2019.

6	Water Procurement, Waste Management, Waste and Recycling Repeat	0.90
7	Construction	1.05
8	Wholesale and Retail Trade; Car and Bicycle Repair Motors	0.99
9	Transportation and Warehousing	1.03
10	Provision of accommodation and food and drink	1.07
11	Information and Communication	0.74
12	Financial Services and Insurance	1.07
13	Real Estate	0.9
14	Company Services	1.07
15	Government Administration, Defense and Social Security Mandatory	1.13
16	Education Services	0.97
17	Health Services and Social Activities	0.96
18	Other	0.97

Based on the table above, it can be seen that the first position occupied by the leading sector is the manufacturing industry with an LQ value of 1.15%. Furthermore, in the second position, namely government administration, defense and mandatory social security with an LQ value of 1.13%, the third position is corporate services with an LQ value of 1.07%. The next sequence of base sectors in Kediri City is financial and insurance services with an LQ value of 1.07%, the accommodation and food sector with an LQ of 1.07%, the construction sector with an LQ of 1.05% and the transportation and warehousing sector 1.03%. It can be concluded that almost all sectors in Kediri City are base sectors or sources of growth, comparative production. This means that the results can not only meet the needs of the City of Kediri but can also be distributed outside the City of Kediri. The results of this study are supported by the research of Tistanto that areas with greater natural resource potential will tend to develop more rapidly, the development of these areas will spur the surrounding areas²³. Furthermore, if there is a larger economic sector, it tends to be developed earlier and followed by the growth of the development of other sectors that are less superior. While the non-basic sectors, namely agriculture, forestry, fisheries; mining and quarrying; procurement of electricity and gas; water supply, waste management, sewage and motorbikes; wholesale and retail trade, repair of cars and motorcycles; information and communication; real estate; educational services; health services and social activities and other services. This means that production in this sector cannot meet its own needs, so it needs supplies from outside or imports²⁴.

Implications of Analysis of the Economic Potential of Kediri City Post the Covid 19 Pandemic on Sharia Economics

²³ Afrandi Hari Tistanto, *Analysis Of Lending Economic Potential In Blitar*, Vol 1, No 2, Student Scientific Journal FEB Brawijaya, 2013.

²⁴ Hasanah, *Pemetaan Sektor Unggulan di Kota Pontianak Dengan Metode Tipologi Klasen dan Location Quotient*, Proseding Seminar Nasional SATIESP, 2021

Analysis of economic potential in Kediri City brings benefits for mapping prospective business sectors. Of course, this has an impact on increasing business focus on the processing sector. This increase in business has brought increased growth to the city of Kediri. Economics based on Islam is a demand for life as well as considerations that have dimensions of worship that apply the ethics and morals of Islamic sharia. Economics in Islam must be able to provide prosperity for the entire community, provide a sense of justice and the widest possible opportunities to every business actor. Sharia economics emphasizes four characteristics, including, Unity, balance, Freedom and Responsibility.

The implementation is in financial management, resolving the impact of the pandemic can also be seen from the philanthropic approach, namely maintaining the economic resilience of society through zakat, infaq, sadaqoh. As is known, zakat has a significant role in social life. Apart from the function of worship as its main function, zakat also has an economic function, a ukhuwah function and a function of forming one's character. As a function of worship, zakat is a form of obedience to the commands of Allah SWT. In relation to economic functions, zakat plays a role in efforts to empower the economy of underprivileged communities. The following is data related to collection achievements and

Conclusion

The economic structure of the City of Kediri shows that the sector has a high average growth and at the same time a large GRDP contribution than the average growth and GRDP contribution in East Java Province, namely the processing industry. Furthermore, sectors with fast development or it can be said to be potential sectors, namely electricity and gas procurement; water supply, waste management, waste and recycling; construction; company services; government administration, defense, and compulsory social security; education services and health services and social activities. Sectors with regional conditions that have progressed but are under pressure, namely agriculture, forestry and fisheries; wholesale and retail trade, repair of cars and motorcycles; provision of accommodation and food and drink; information and communication; transportation and warehousing; financial and insurance services; and other services. Furthermore, sectors that tend to lag behind are mining and quarrying as well as real estate.

Sectors that are classified as superior are the processing industry; government administration, defense and compulsory social security; corporate services with value; financial and insurance services; accommodation and food sector, construction sector; transportation and warehousing sector.

The implication for Sharia Economics is that with a joint commitment to expand financial inclusion in the MSME sector, Islamic financial institutions play a real role in developing MSMEs. Advanced MSMEs will of course lead to the presence of social funds that are typical of the sharia economic system, namely

zakat, infaq and shadaqah. Where the management of social funds is carried out by BAZNAS and LAZ and distributed to poor and underprivileged communities.

Author's Contribution

Cecep Soleh Kurniawan: Contribute to formulating research ideas, collecting data, processing data, interpreting data, and compiling a literature review.

Naning Fatmawatie: Contributing to writing systematics, research methods, and analyzing interpretation results, the language proofread.

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Declaration of Competing Interest

The author declares that there is no conflict of interest.

Ethical Approval

Ethical approval No patient-identifying parts in this paper were used or known to the authors. Therefore, no ethical approval was requested.

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