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ANALYSIS OF INCLUSIVE ECONOMIC GROWTH IN MANOKWARI REGENCY

ANALISIS PERTUMBUHAN EKONOMI INKLUSIF DI KABUPATEN MANOKWARI

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ABSTRACT
Inclusive economic growth emphasizes not only economic expansion but also the equitable distribution of development benefits across society. This study aims to analyze the inclusiveness of economic growth in Manokwari Regency over the period 2016–2025. Inclusive growth is assessed by examining the relationship between economic growth and key welfare indicators, namely poverty, unemployment, and income inequality. This study employs a quantitative approach using secondary data obtained from the Central Statistics Agency (BPS) of Manokwari Regency. The data include Gross Regional Domestic Product (GRDP) at constant prices, poverty rate, open unemployment rate, and Gini ratio. The analytical method used is the Inclusive Growth Index (IGI). The results indicate that although Manokwari Regency experienced positive economic growth during the study period, the growth has not been fully inclusive. Economic growth has not consistently reduced poverty, unemployment, and income inequality. These findings suggest the need for development policies that prioritize employment creation, poverty reduction, and income distribution to ensure that economic growth benefits all segments of society.
Keywords : Inclusive Economic Growth, Poverty, Unemployment, Gini Ratio

ABSTRAK
Pertumbuhan ekonomi inklusif menekankan tidak hanya pada peningkatan output ekonomi, tetapi juga pada pemerataan manfaat pembangunan bagi seluruh lapisan masyarakat. Penelitian ini bertujuan untuk menganalisis pertumbuhan ekonomi inklusif di Kabupaten Manokwari selama periode 2016–2025. Inklusivitas pertumbuhan ekonomi dianalisis melalui hubungan antara pertumbuhan ekonomi dengan indikator kesejahteraan, yaitu tingkat kemiskinan, tingkat pengangguran terbuka, dan ketimpangan pendapatan. Penelitian ini menggunakan pendekatan kuantitatif dengan data sekunder yang bersumber dari Badan Pusat Statistik (BPS) Kabupaten Manokwari. Data yang digunakan meliputi Produk Domestik Regional Bruto (PDRB) atas dasar harga konstan, tingkat kemiskinan, tingkat pengangguran terbuka, dan rasio Gini. Metode analisis yang digunakan adalah Indeks Pertumbuhan Inklusif (Inclusive Growth Index/IGI). Hasil penelitian menunjukkan bahwa pertumbuhan ekonomi di Kabupaten Manokwari cenderung meningkat, namun belum sepenuhnya bersifat inklusif. Pertumbuhan ekonomi belum secara konsisten mampu menurunkan tingkat kemiskinan, pengangguran, dan ketimpangan pendapatan. Oleh karena itu, diperlukan kebijakan pembangunan yang lebih berorientasi pada pemerataan, penciptaan lapangan kerja, dan peningkatan kesejahteraan masyarakat.
Kata Kunci : Pertumbuhan Ekonomi Inklusif, Kemiskinan, Pengangguran

1. INTRODUCTION

Economic growth is a fundamental indicator of regional development performance and is often used to measure the success of development policies. Higher economic growth is generally expected to improve social welfare through increased income levels, expanded employment opportunities, and improved access to public services. However, empirical evidence shows that high economic growth does not automatically guarantee improvements in social welfare when the benefits of growth are unevenly distributed across society. In many developing regions, economic growth is accompanied by persistent poverty, unemployment, and income inequality, indicating that growth outcomes are not equally enjoyed by all population groups.

This condition has led to the emergence of the concept of inclusive economic growth. Inclusive growth emphasizes not only the acceleration of economic expansion but also equitable access to economic opportunities and a fair distribution of development outcomes. According to development institutions such as the Asian Development Bank and the World Bank, inclusive growth is characterized by growth that creates productive employment, reduces poverty, narrows income inequality, and ensures that vulnerable and marginalized groups are able to participate in and benefit from the development process. Therefore, the quality of economic growth becomes as important as the rate of growth itself.

Manokwari Regency, as the capital of West Papua Province, holds a strategic role in regional economic development. The local economy is largely driven by government administration, trade, services, and infrastructure development. Over the past decade, Manokwari Regency has experienced positive economic growth supported by increased public spending and development activities. However, despite this growth, various socio-economic challenges remain evident. Poverty rates are still relatively high, open unemployment persists—particularly among young and low-skilled workers—and income inequality continues to be a concern. These conditions suggest that economic growth in Manokwari Regency may not have been sufficiently inclusive.

The dominance of government-related and non-tradable sectors in the regional economic structure may limit the capacity of growth to generate broad-based employment and income opportunities. Economic activities that are capital-intensive or concentrated in certain sectors often fail to absorb labor optimally, resulting in limited welfare improvements for the wider population. Consequently, economic growth may benefit only specific groups, while other segments of society remain excluded from its positive impacts.

Inclusive economic growth is expected to play a crucial role in addressing these challenges by promoting job creation, reducing poverty, and narrowing income disparities. Therefore, it is important to evaluate whether economic growth in Manokwari Regency has been inclusive over the past decade. Such an evaluation is necessary to assess the effectiveness of regional development policies and to identify areas that require improvement.

In recent years, the discourse on inclusive economic growth has gained increasing attention in both academic research and policy formulation, particularly in developing regions. This is driven by the realization that economic growth alone is insufficient to address deep-rooted socio-economic challenges such as poverty, unemployment, and inequality. Development strategies that prioritize growth without inclusiveness often lead to social fragmentation and uneven development outcomes, which may undermine long-term economic sustainability and social stability.

In the Indonesian context, regional disparities remain a critical development issue. Eastern Indonesian regions, including West Papua Province, continue to lag behind western regions in terms of income levels, infrastructure availability, and human development indicators. These disparities highlight the importance of assessing not only the magnitude of regional economic growth but also its inclusiveness. Understanding whether economic growth benefits the broader population is essential for designing development policies that align with national goals of equitable and sustainable development.

This study aims to analyze the inclusiveness of economic growth in Manokwari Regency during the 2016–2025 period by examining the relationship between economic growth and key welfare indicators, namely poverty, unemployment, and income inequality. The findings of this study are expected to provide empirical evidence that can support policymakers in formulating development strategies that promote more equitable, sustainable, and inclusive economic growth in Manokwari Regency.

2. LITERATURE REVIEW

2.1. Inclusive Economic Growth

Inclusive economic growth refers to a pattern of economic growth that generates broad-based benefits and ensures that all segments of society are able to participate in and benefit from the development process. Unlike conventional growth concepts that focus primarily on increasing output or gross domestic product, inclusive growth emphasizes both the pace and the quality of growth. According to the Asian Development Bank, inclusive growth involves rapid economic expansion accompanied by equal access to economic opportunities, adequate social protection, and reduced disparities in income and welfare. Inclusive growth is characterized by three main dimensions. First, growth must create productive employment opportunities that enable people to earn sustainable incomes. Second, growth should ensure equal access to opportunities, particularly in education, health, and financial services. Third, inclusive growth must be supported by social safety nets that protect vulnerable groups from economic shocks. Without these dimensions, economic growth may exacerbate inequality and social exclusion. In the context of regional development, inclusive growth is particularly important for reducing spatial disparities and improving welfare in less-developed areas. Regions with growth that is concentrated in a few sectors or dominated by government activities often face challenges in achieving inclusiveness, as employment creation and income distribution remain limited. Inclusive economic growth refers to a pattern of economic growth that generates broad-based benefits and ensures that all segments of society are able to participate in and benefit from the development process. Unlike conventional growth concepts that focus primarily on increasing output or gross domestic product, inclusive growth emphasizes both the pace and the quality of growth. According to the Asian Development Bank, inclusive growth involves rapid economic expansion accompanied by equal access to economic opportunities, adequate social protection, and reduced disparities in income and welfare.

Several scholars argue that inclusive economic growth should be viewed as a dynamic process rather than a static outcome. Klasen (2010) emphasizes that inclusiveness depends on how growth interacts with labor markets, social institutions, and public policy frameworks. Similarly, Ali and Son (2007) highlight that inclusive growth requires deliberate policy interventions to ensure that economic opportunities are accessible to disadvantaged groups. Without such interventions, market-driven growth may reinforce existing inequalities rather than reduce them.

At the regional level, inclusive growth also depends on economic diversification and local institutional capacity. Regions that rely heavily on a narrow range of economic activities or government spending tend to experience limited spillover effects from growth. Therefore, strengthening local economic linkages and enhancing institutional effectiveness are crucial for translating growth into broad-based welfare improvements.

2.2. Poverty

Poverty is a multidimensional condition characterized by the inability of individuals or households to meet basic needs such as food, clothing, housing, education, and healthcare due to limited access to economic resources. In economic analysis, poverty is commonly measured using income or expenditure-based indicators, including poverty headcount ratios and poverty lines established by national statistical agencies. Economic growth is expected to reduce poverty through increased income levels and expanded employment opportunities. However, the relationship between growth and poverty reduction depends on how growth is distributed across sectors and population groups. Growth that is concentrated in capital-intensive sectors may have a limited impact on poverty reduction, whereas growth in labor-intensive sectors tends to be more effective in lifting people out of poverty. Therefore, inclusive economic growth is essential to ensure that the poor benefit from development processes.

2.3. Unemployment

Unemployment reflects the inability of an economy to absorb its labor force into productive employment. A high unemployment rate indicates inefficiencies in labor market absorption and suggests that economic growth is not generating sufficient job opportunities. In developing regions, unemployment is often accompanied by underemployment and informal employment, which further limit income security and welfare. Inclusive economic growth aims to reduce unemployment by promoting labor-intensive economic activities and improving the quality of human capital. Investment in education, skills training, and entrepreneurship development plays a crucial role in enhancing labor market participation. Without adequate job creation, economic growth may increase output without significantly improving social welfare.

2.4. Gini Ratio

The Gini ratio is a commonly used indicator to measure income distribution and inequality within a region. The value of the Gini ratio ranges from 0 to 1, where a value of 0 indicates perfect income equality and a value of 1 indicates perfect income inequality. In practice, higher Gini ratio values reflect greater disparities in income distribution among individuals or households. Income inequality, as reflected by the Gini ratio, is an important dimension of inclusive economic growth. Economic growth that disproportionately benefits higher-income groups tends to increase inequality, while growth that expands opportunities for lower-income groups can reduce inequality. Therefore, a declining Gini ratio indicates more inclusive growth, whereas a rising Gini ratio suggests that the benefits of growth are unevenly distributed. In regional development, persistent income inequality can hinder long-term economic growth by limiting access to education, healthcare, and productive assets for lower-income groups. Consequently, reducing income inequality through inclusive growth policies is essential for achieving sustainable and equitable development.

2.5. Previous Studies

Previous studies on inclusive economic growth in Indonesia indicate that economic growth in many regions, particularly in eastern Indonesia, has not been fully inclusive. Research findings suggest that high economic growth rates are often not accompanied by significant reductions in poverty, unemployment, and income inequality. This phenomenon is largely attributed to structural economic factors, such as the dominance of capital-intensive sectors, limited economic diversification, and weak labor absorption capacity.

Other studies highlight the role of human capital quality and government policies in determining the inclusiveness of growth. Regions with better access to education, healthcare, and infrastructure tend to experience more inclusive growth outcomes. Conversely, regions with limited institutional capacity and high dependence on government spending often face challenges in translating growth into broad-based welfare improvements.

These empirical findings provide a strong theoretical and empirical foundation for analyzing inclusive economic growth in Manokwari Regency. By examining the relationship between economic growth, poverty, unemployment, and the Gini ratio, this study contributes to the existing literature and offers insights for regional development policy formulation.

3. METHODS

This study uses a quantitative research approach. The data used are secondary data obtained from the Central Statistics Agency (BPS) of Manokwari Regency for the period 2016–2025. The variables analyzed include economic growth (measured by GRDP growth), poverty rate, open unemployment rate, and Gini ratio. The analytical method applied is the Inclusive Growth Index (IGI), which measures the extent to which economic growth contributes to improvements in social welfare indicators. Descriptive analysis is also used to observe trends in economic growth and welfare indicators during the study period.

The Inclusive Growth Index (IGI) is employed to capture the multidimensional nature of inclusive economic growth by integrating economic performance with social welfare indicators. The index allows for a comprehensive assessment of whether economic growth is accompanied by improvements in poverty reduction, employment generation, and income distribution. By using IGI, this study moves beyond conventional growth analysis and provides a more nuanced understanding of development outcomes in Manokwari Regency. The use of secondary data from the Central Statistics Agency ensures data reliability and comparability over time. However, the analysis focuses on aggregate indicators, which may not fully capture micro-level dynamics. Despite this limitation, the methodology provides valuable insights into the overall inclusiveness of regional economic growth.

4. RESULTS AND DISCUSSIONS

4.1. Economic Growth Trends in Manokwari Regency

During the 2016–2025 period, Manokwari Regency experienced positive economic growth with varying annual growth rates. Economic growth was primarily driven by government administration, trade, services, construction, and transportation sectors. The expansion of infrastructure projects and increased government spending contributed significantly to regional economic activity. However, economic growth showed fluctuations, particularly during periods of national economic slowdown and external shocks, which affected regional economic performance. Although GRDP growth showed an upward trend, the structure of the economy remained dominated by non-tradable and government-related sectors. This condition limited the ability of economic growth to generate widespread employment opportunities and income improvements for the broader population.

4.2. Poverty Dynamics

The poverty rate in Manokwari Regency gradually declined over the study period. However, the rate of poverty reduction was relatively slow compared to the pace of economic growth. This indicates that economic expansion did not directly translate into proportional poverty alleviation. Structural poverty, limited access to productive employment, and disparities between urban and rural areas contributed to persistent poverty levels. The analysis suggests that growth was not sufficiently pro-poor, as income gains were concentrated in certain sectors and population groups. Inclusive growth requires targeted interventions that improve access to education, healthcare, and economic opportunities for low-income households.

The persistence of poverty despite economic growth suggests the presence of structural barriers, including limited access to education, skills, and productive assets. These barriers prevent low-income households from fully benefiting from economic expansion. Inclusive growth strategies must therefore address both income and non-income dimensions of poverty to achieve meaningful poverty reduction.

4.3. Unemployment Conditions

Open unemployment in Manokwari Regency remained at a moderate to high level throughout the period. Despite economic growth, job creation was limited, particularly for youth and low-skilled workers. The dominance of capital-intensive and government sectors constrained labor absorption. This condition highlights the mismatch between economic growth and labor market outcomes. Inclusive growth should be accompanied by labor-intensive sector development, skills training, and private sector expansion to enhance employment opportunities.

Youth unemployment poses a particular challenge, as it may lead to long-term labor market exclusion and social problems. Policies that promote vocational training, apprenticeships, and support for start-up enterprises can help bridge the gap between education and employment, thereby enhancing the inclusiveness of economic growth.

4.4. Income Inequality Analysis

Income inequality, as measured by the Gini ratio, showed slight improvements during the study period but remained at a moderate level. This suggests that income distribution became marginally more equal, although disparities persisted. Economic growth benefits were not evenly distributed across income groups, indicating that higher-income households gained more from growth compared to lower-income groups. Addressing inequality requires policies that promote equitable access to productive assets, education, and social protection.

4.5. Inclusive Growth Index Results

The Inclusive Growth Index (IGI) analysis reveals that economic growth in Manokwari Regency during 2016–2025 can be categorized as moderately inclusive. While growth contributed to improvements in certain welfare indicators, the overall inclusiveness remained limited due to weak employment generation and persistent inequality. These findings are consistent with previous studies on inclusive growth in Eastern Indonesia, which emphasize the importance of structural transformation, human capital development, and institutional capacity in enhancing inclusiveness.

4.6. Policy Implications

The findings of this study have several important policy implications for promoting inclusive economic growth in Manokwari Regency. First, the regional government needs to shift development priorities toward labor-intensive sectors that have strong linkages with the local economy, such as agriculture, fisheries, tourism, and micro, small, and medium enterprises (MSMEs). Strengthening these sectors can increase employment opportunities and directly benefit low- and middle-income households. Second, improving the quality of human capital is crucial for enhancing the inclusiveness of economic growth. Investment in education, vocational training, and skill development programs should be aligned with the needs of the labor market. This will help reduce structural unemployment and improve labor productivity, enabling more residents to participate in and benefit from economic growth.

Third, strengthening social protection programs is essential to support vulnerable groups and reduce inequality. Social assistance, health insurance, and targeted poverty alleviation programs can help mitigate the adverse effects of economic shocks and ensure that growth benefits are more evenly distributed. These programs should be well-targeted and integrated with employment and human capital development initiatives. Fourth, regional development policies should emphasize inclusive spatial planning by reducing disparities between urban and rural areas. Improving rural infrastructure, access to markets, and public services can enhance economic participation and reduce inequality. By fostering balanced regional development, Manokwari Regency can achieve more inclusive and sustainable economic growth.

5. CONCLUSION

This study aims to analyze inclusive economic growth in Manokwari Regency during the 2016–2025 period by examining the relationship between economic growth and key welfare indicators, namely poverty, unemployment, and income inequality as measured by the Gini ratio. The results of the analysis indicate that although Manokwari Regency experienced positive economic growth over the study period, the growth has not been fully inclusive. Economic growth in Manokwari Regency was not consistently accompanied by significant reductions in poverty and unemployment. The decline in poverty occurred gradually but at a relatively slow pace compared to the rate of economic growth. Similarly, the unemployment rate remained at a moderate level, indicating that economic expansion has not been able to optimally create employment opportunities. This suggests that the structure of economic growth has limited capacity to absorb labor, particularly for low-skilled and vulnerable groups.

Overall, the results suggest that economic growth in Manokwari Regency during the 2016–2025 period can be classified as moderately inclusive. To enhance the inclusiveness of growth, regional development policies should prioritize labor-intensive sectors, improve human capital through education and skills development, and strengthen social protection programs. By adopting inclusive-oriented development strategies, Manokwari Regency can ensure that future economic growth contributes more effectively to poverty reduction, employment creation, and a more equitable distribution of income.

Future research is encouraged to incorporate micro-level data and qualitative approaches to gain deeper insights into household-level welfare dynamics. Such studies would complement the findings of this research and contribute to a more comprehensive understanding of inclusive economic growth at the regional level.

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